

NOMINATION

HEARING

OF THE

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON

TOMMY G. THOMPSON, OF WISCONSIN, TO BE SECRETARY OF HEALTH
AND HUMAN SERVICES

JANUARY 19, 2001

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NOMINATION OF TOMMY G. THOMPSON TO BE SECRETARY, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FRIDAY, JANUARY 19, 2001

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:07 a.m., in room SD-430, Dirksen Senate Office Building, Hon. Edward M. Kennedy (chairman of the committee) presiding.

Present: Senators Kennedy, Dodd, Harkin, Mikulski, Wellstone, Murray, Reed, Edwards, Clinton, Jeffords, Gregg, Frist, Enzi, Hutchinson, Collins, Hagel, Sessions, Bond, Hutchison, and Roberts.

OPENING STATEMENT OF SENATOR KENNEDY

The CHAIRMAN. We will come to order, if we could, please.

First of all, this is the first meeting that the committee has had since the appointment of our new members, and we want to extend a very warm welcome to them. Senator Roberts, we are delighted to have you here on our committee. Many of us have enjoyed working with you on the Armed Services Committee, but we welcome you to the committee and are glad to have you here.

Senator Hutchison and Senator Bond, we are glad to see you here as well and are delighted to join in welcoming you to the committee.

We are also joined on our side by John Edwards, whom we expect to join with us shortly, and Senator Clinton, who has joined this committee and whom we welcome to the committee and are looking very much forward to working with her today.

We want to say how delighted we are to have the nominee for Health and Human Services, Governor Thompson, here. We want to acknowledge at the outset Secretary Shalala. Just taking a very brief moment out of personal privilege, I want to say what a real pleasure it is to welcome her here after 8 extraordinary years of leadership in the Department. I think that for so many of us, the Department really represents in so many ways the best hopes of Americans. You do not have to necessarily be needy to understand and appreciate the brilliance of the work that is being done at NIH and the breakthroughs that benefit many of our citizens, and yet HHS also works to look after the neediest of our children, whether it is in the Head Start program or the child-care programs or the

LIHEAP program. So many of these lifelines mean so much to so many citizens who are in need of help.

Secretary Shalala's leadership in the Department has followed an extraordinary career of public service. We are really delighted to have her before this committee today, but are also delighted to acknowledge her wonderful leadership over these past years.

I want to welcome two very good friends as well, Senator Feingold and Senator Kohl. I know each of you will have words of introduction on behalf of someone whom I know they admire and respect, and we will then hear from our nominee, Governor Tommy Thompson, someone who has had a long career of leadership as one of the very distinguished Governors. He is someone who has made the issue of human services a real priority, and in many instances—and I will refer to these very briefly in my questions—has really led the Nation. As a result of work that he has done in Wisconsin, we have been able to try to build on a number of those initiatives and successes to benefit children and others in different parts of the country. So we look forward to hearing from the Governor.

We commend the President for the nomination, we are looking forward to the confirmation of the Governor, and we are looking forward to having a very close relationship with him.

We understand that the Finance Committee has a range of different issues that he will be concerned with, but we will have an opportunity to talk with him and question him today about a number of matters that are of particular importance to this committee.

I have a brief opening statement, and then I will recognize Senator Jeffords, and perhaps ask each of the members if they have a brief word they wish to say, and then we will move ahead.

I just want to say, Governor, that this Department that you will head, as I mentioned, is a lifeline for so many of our citizens. I think probably outside the areas of education, when you look at the potential in terms of NIH, when you look at the importance of Medicare and Medicaid and the numbers of people that depend upon them, when you look at the whole range of children's programs, the LIHEAP programs, and the challenges that are ahead in many of these areas of health care, such as the protections of patients under a patients' bill of rights, a prescription drug program, so much of this is going to be under your leadership, and your influence and direction is going to have a very profound effect, I think, on the Members of Congress trying to work with you and also in terms of the American people.

So we are very appreciative of your willingness to undertake this responsibility, and we commend you and the President for bringing us to this point.

[The prepared statement of Senator Kennedy follows:]

PREPARED STATEMENT OF SENATOR KENNEDY

Few appointees in the Cabinet are more important than the Secretary of Health and Human Services. The agency's 63,000 dedicated employees serve America well. With its budget of \$427 billion, if it were a country, HHS would have a GNP larger than all but 14 of the nations in the world.

But the vast importance of the Department cannot be measured by numbers of employees or dollars of spending. As the HHS motto itself states "Hope is the anchor of life." The programs directed by the Secretary are an anchor of life for tens of millions of Americans. They bring hope to the hopeless and help to the helpless. They express the best ideals of our country.

It has been said that the measure of a society is how it treats the very old and the very young. The Secretary of the Department is responsible for stewardship of Medicare, which along with Social Security, states the promise of our society to our senior citizens that their golden years will be as healthy and secure as possible. Medicare is a compact between the American people and their government. It says work hard and contribute to your country during your working years—and you will have good medical care in your senior years.

For the very young, the Secretary has an equally profound responsibility. The Secretary is the leader of Head Start, one of the most effective government programs to help disadvantaged children join the mainstream of American life. It brings help and hope for millions of children who would otherwise have no chance at the American dream—but it still serves only half of all those who are eligible.

Whether the issue is health care for the disadvantaged or assistance for low-income families, HHS is the lead Federal agency for some of the most serious challenges the Nation faces. HHS safety net programs are the protection of last resort for millions of Americans, and other HHS programs are also vital to the well-being of affluent and average Americans alike.

Without the Food and Drug Administration, Americans could not go to the grocery store with any confidence that the food they buy is safe and healthy. No American could be confident that their prescription drugs, are safe and effective, and no American needing a medical device could be sure that the device will do more good than harm.

Biomedical research supported by the National Institutes of Health is unequalled by any other country. NIH leads the world in the effort to conquer cancer, heart disease, mental illness and other dread diseases that threaten the life and happiness of American families.

We all know the important challenges that the new Congress, the new President, and the new Secretary of Health and Human Services will face this year. We need to enact prescription drug coverage under Medicare, to assure that the promise of health security in retirement will finally be fulfilled. We must expand health insurance, so that the right to health care can be a reality for every American, not just an expensive privilege for the few. We must pass a strong, enforceable Patients' Bill of Rights to end the abuses of managed care and give every patient the confidence that their health insurance will be there when they need it. We should expand quality day care, child care, and Head Start, so that we mean what we say when we state that no child shall be left behind. We must maintain our commitment to biomedical research at the NIH, to reap the benefits of the century of the life sciences that has just

begun, and increase our commitment to research on health care quality and the delivery and utilization of health services.

I hope we can move forward together in a spirit of bipartisanship to address each of these great challenges. But it is also important that we do not move backward by advancing partisan and divisive proposals that would undermine the accomplishments of the past.

We must not undermine the Federal commitment to guaranteed health care for poor children, poor parents, senior citizens, and the disabled. A new effort to enact a Medicaid block grant would be counterproductive. And so would an attempt to repeal the Medicaid commitment by stealth, through the use of the waiver process in a way that undermines the Medicaid entitlement, rather than providing services in new and better ways. Congress approved the CHIP program for children's health by an overwhelming bipartisan majority, because it struck the right balance between state flexibility and achievement of national goals. Steps to provide additional flexibility should be carefully considered—and should not be undertaken without Congressional review.

We must be more sensitive to ethical concerns in federally financed medical research—but we must also not roll back existing research commitments because of ideology—and certainly not without Congressional action to guarantee that the commitment to such change is bipartisan.

We must maintain our commitment to family planning—and not return to the old days of “gag rules” and harassment of family planning clinics.

We must do more—much more—to reduce youth smoking, and protect as many children as possible from the dangers of tobacco.

We should improve Medicare, in addition to prescription drug coverage, by adding measures to assure the highest quality care to senior citizens and the disabled. We must place new Medicare emphasis on keeping beneficiaries healthy rather than simply caring for them after they become ill. We can expedite Medicare's coverage of beneficial new products and procedures, and provide more adequate financial support for the Nation's great teaching hospitals, its community hospitals, its nursing homes, and its home health agencies. But reform should not be an excuse to undermine Medicare's commitment, to impose additional financial burdens on the elderly, or to force senior citizens to give up conventional Medicare and join HMOs. But the failure to reach rapid consensus on these and other Medicare reforms should not be an excuse for failure to act promptly on the most important reform of all—Medicare coverage of prescription drugs.

Finally, responsible leadership at HHS requires support for new measures and new ideas to meet the challenges facing our country. To stand still is to fall behind in all these ongoing battles of our time. Governor Thompson comes to us with a genuinely outstanding record of accomplishment in Wisconsin. He is well known to many of us. I welcome him to our committee today, and I look forward to working with him in the years ahead.

The CHAIRMAN. I will ask Senator Jeffords if he would like to say a word.

OPENING STATEMENT OF SENATOR JEFFORDS

Senator Jeffords. Thank you, Senator.

It is a pleasure to have all of you with us here today. This is a good moment. We have present for the first time the new Senators who have joined the committee. They are excellent additions to the committee, and I am looking forward to working with them.

I also want to welcome, of course, Governor Thompson as the President-elect's nominee to head the Department of Health and Human Services. I am also especially pleased to have the opportunity to hear your thoughts about the challenges we face and your ideas on how we might meet them.

I would also welcome the new members to the committee: Senators Bond, Hutchison, Roberts, Edwards, and Clinton. We are going to have an interesting year. We have a lot of challenges ahead of us, and I am confident that, with the new members, we are going to be able to do our job as we need to and do the best ever. With that, I will say a few words later.

[The prepared statement of Senator Jeffords follows:]

PREPARED STATEMENT OF SENATOR JEFFORDS

Governor Thompson, I want to extend my welcome to you as President-elect Bush's nominee to head the Department of Health and Human Services. I am especially pleased that we will have the opportunity to hear your thoughts about the many challenges we face, and your ideas for how we might meet them. I would also like to welcome the new members of the committee who are with us this morning: Senators Bond, Hutchison, Roberts, Edwards and Clinton. I'm looking forward to a very productive year and I know each of you will make important contributions to the committee's work.

Governor, you have a distinguished record of public service in your home State of Wisconsin, and I believe you will be an excellent Secretary for the Department of Health and Human Services. It is noteworthy that the long list of your supporters includes your colleague from Wisconsin and the current head of HHS, Secretary Donna Shalala. She has done a wonderful job heading the Department, and I'm sure that you will continue her tradition of bold and innovative leadership.

The strong support for your nomination stems from your record of accomplishments at the State level, including your achievements in education reform, tax relief, economic development and jobs creation, improving the environment, and crime reduction. Nationally, you led the way in the area of welfare reform through "Wisconsin Works." In addition, you created a program that allows disabled people to return to work without risking the loss of health benefits. This program is similar to the Work Incentives Improvement Act, which we were able to get enacted a year ago.

In 1998, Wisconsin was the first State to obtain a Federal waiver under the Children's Health Insurance Program. Under the BadgerCare program, low-income working families are now able to obtain health care. Once again, you showed that States serve as the laboratories of public policy, by developing a creative approach to reducing the number of people without coverage for health care.

This committee has been successful in fostering a broad, bipartisan consensus for many legislative initiatives. Last year, for example, we enacted the reauthorizations of the Older Americans Act, the Substance Abuse and Mental Health Service Administration, the Ryan White CARE programs, and programs under the Developmental Disabilities Assistance Act. We were also successful in addressing a number of public health programs in areas such as health disparities and children's health. We look forward to working with you as these programs are implemented.

An issue that merits early action this Congress is the enactment of a Patients' Bill of Rights. With both the House and the Senate passing bills during the last Congress, we came closer than ever before to enacting managed care reform.

Key to winning passage of a Patients' Bill of Rights will be the ability to craft compromises on the tough issues of scope and liability. I look forward to working with you and my Democratic colleagues to develop a bipartisan agreement on managed care legislation.

An important part of any managed care reform debate is its impact on costs. Health care premiums are increasing again. For the third year in a row, U.S. employers can count on average increases for 2001 of 10 to 13 percent. I am very concerned about these cost trends, and I believe the 107th Congress must address the question of how best to expand coverage to the uninsured.

President-elect Bush has proposed strengthening the Health Care Safety Net, and we are looking forward to working with you on accomplishing that goal. The migrant and community health centers and the National Health Service Corps are key components of our Nation's health care system, and much can be done to strengthen them to provide more and better health services to the underserved.

This committee is looking forward to working with you and President-elect Bush to bolster the Low Income Home Energy Assistance Program. Unfortunately, LIHEAP's funding has fallen short of the amount authorized by this committee. I am hopeful that will change during your tenure.

With the reauthorization of welfare reform due next year, your experiences at the forefront of efforts to change this system will prove vital. I look forward to working with you to improve the lives of all children and families.

Governor Thompson, I have only skimmed the surface of what we need to tackle in the months ahead. But I am certain that, as the next Secretary of HHS, you will bring the experience, creativity, and determination necessary to help us address these tough issues. As the American philosopher Henry Ward Beecher once noted, "[T]he ability to convert ideas to things is the secret of outward success."

Governor, I look forward to working with you in converting our ideas for improving the nation's health and welfare programs into new realities for the American people.

The CHAIRMAN. Senator Dodd.

OPENING STATEMENT OF SENATOR DODD

Senator DODD. Well, thank you, Mr. Chairman, and welcome, Governor. It is a pleasure to have you before the committee, and our colleagues from Wisconsin; and to you, Madam Secretary, we welcome you as well to this committee.

Let me join in welcoming our new members, both on the Republican and Democratic side, to what I believe is the most important committee in the U.S. Senate, Governor. This is the committee that deals with the issues that in a very direct way affect more Americans on a daily basis than almost any other committee of the Congress.

I commend President-elect Bush for asking you to take on this job. You have had a wonderful career and distinguished service as a Governor and a State legislator in the State of Wisconsin, and you have shown a real commitment to average people. We are looking forward to your stewardship of the Department of Health and Human Services. You follow a tough act. We want you to know this is not a Wisconsin seat, by the way. [Laughter.] Although it is beginning to look it is. And I am very confident—in fact, Senator Harkin raised this a minute ago—I am very confident that I speak for everyone on this side of the dais when I say that. Donna Shalala has been a remarkable, remarkable public servant, and we are deeply grateful to you for your services. You have done a great, great job. [Applause.]

She has done a wonderful job. I just very, very briefly want to tell you that I know you appeared yesterday before the Finance Committee, and obviously attention to the Department of Health and Human Services is, Donna would tell you is usually focused on the big-ticket items of Medicare and the Food and Drug Administration and the National Institutes of Health and so forth—issues that are tremendously important and can consume almost all of your time.

But deep within the Department, Governor, as I know you know, operating quietly and without a lot of public fanfare are programs whose impact on the lives of children, seniors, and the most vulnerable members of our society cannot be overstated. I am talking about the programs that feed hungry seniors every day, that provide safe homes for abused children, the programs that provide doctors for those who are uninsured that can speak their language and that treat people with dignity, and provide low-income energy assistance for people who are struggling in the winter months, people with mental illnesses, areas that are not the large budget items but really have a huge effect on people's lives.

I am tremendously impressed with your work in child care, your recognition of the importance of that element. Secretary Shalala has been a tremendous ally on that issue as well. Senator Orrin Hatch and I authored the block grant for child care about 10 years ago. Senator Kennedy was absolutely critical in helping us achieve that result in the Bush administration, and I am looking forward to working with you on that issue as we try not only to succeed in getting people from welfare to work but helping them achieve self-sufficiency so they are not dependent upon public services for their ability to survive and provide for their families.

There will be an opportunity in questions to go over some of these issues, but I truly do welcome you to this committee and welcome you to the job you are about to assume. It is one that really does, as I said at the outset of these brief remarks, touch on the lives of virtually every, single citizen, particularly the most vulnerable of our citizens. And to that extent, it is one of the most important functions and jobs we can engage in.

So welcome to Washington, and we look forward to working with you.

[The prepared statement of Senator Dodd follows:]

PREPARED STATEMENT OF SENATOR DODD

Good Morning. Thank you, Mr. Chairman for holding this hearing on the nomination of Governor Tommy Thompson for Secretary of Health and Human Services.

I'd like to first take a moment to welcome our newest members, Senator John Edwards, Senator Pat Roberts, Senator Kit Bond, Senator Kay Bailey Hutchison and Senator Hillary Clinton. I welcome you to what is, in my view, the most important committee in the Senate—the one that deals with the real bread and butter issues for most Americans—health care, education, and child care.

And, of course I'd like to welcome Governor Thompson. Like many other members of this committee, I was pleased to have the opportunity to meet with you last week to talk briefly about what you hope to do if confirmed as Secretary of Health and Human Services. I look forward to having the chance today to explore more at length your vision for this agency, particular with regard to programs such as Head Start, child care, and children's health.

You surely bring no shortage of experience to the position to which you've been nominated. Having served in Wisconsin's State legislature for 20 years and almost four terms as governor, you've inspired tremendous support from the residents of Wisconsin. I have no doubt that your service to Wisconsin makes you eminently qualified to serve the nation as HHS secretary.

You've also garnered national attention for your efforts to reform Wisconsin's welfare system, creating what many view as a national model for reform of public assistance.

While clearly we must continue to ask whether we are doing all we can to move families not only off welfare, but toward self-sufficiency, your leadership in recognizing that child care is a fundamental need of families transitioning from welfare to work has been invaluable.

All this said, if confirmed, you have a tough act to follow. Since the State of Wisconsin has the inside track on the position you've been nominated to, I know that you are very familiar with the work of our previous Secretary, Donna Shalala.

Secretary Shalala is an extraordinary leader for a number of reasons, not the least of which was her extraordinarily clear grasp of the agency's real mission.

Secretary Shalala realized early on—as I'm sure you saw in yesterday's Finance Committee hearing—that she could easily spend all of her time and energy on the Department's "big ticket" programs—Medicare, the National Institutes of Health, the Food and Drug Administration. These programs consume the vast majority of

the Department's budget and attract the lion's share of Congressional attention.

But, she also understood that buried deep within the Department, operating quietly and without much public fanfare are programs whose impact on the lives of children, seniors, and the most vulnerable members of our society can not be overstated.

These are the programs that feed hungry seniors and that find safe homes for abused children. These are the programs that provide the uninsured with doctors that speak their languages and treat them with dignity. These are the programs that help low-income families afford heat in the winter and that make sure that individuals with mental illnesses get treatment.

These are not the flashiest of programs and these are not the ones that often catch the eye of the public or of Congress. But, these are the heart and soul of the Department of Health and Human Services and they are literally the difference between life and death for the individuals they serve.

The commitment she made to fight for these programs and to make sure they were nourished and sustained is one of the reasons that Secretary Shalala leaves her post so respected by this committee, so admired by her staff, and so beloved by the people she helped.

I know that you come with a similar dedication to our Nation's families and I look forward to hearing today your vision for serving them in this critical agency.

Again, thank you, Mr. Chairman, for today's hearing.

The CHAIRMAN. Senator Gregg.

OPENING STATEMENT OF SENATOR GREGG

Senator GREGG. Thank you, Mr. Chairman. First let me join in the commendations of Secretary Shalala. It has been a joy to work with the Secretary over the last 8 years. We have had a few differences, but we have had a lot more agreements, and I always enjoyed our calls and the opportunity to try to work things out, and in most cases, in almost all cases, I think we did. And I think you have done an extraordinary job.

It is a pleasure to have Governor Thompson succeeding you and taking on this very significant task. I have known Governor Thompson for many years—Governor Thompson having been Governor of Wisconsin since time immemorial. [Laughter.]

Those of us who served as Governor many years ago had a chance to serve with him. I think Governor Thompson's strengths are obvious and his experience is going to be a tremendous asset, the fact that he has served as a chief executive of the State where so many of the programs that this agency comes to where the rubber hits the road, and he understands the need for having an agency which is responsive to State interests.

I believe what he also reflects is the fact that President-elect Bush has brought with him some incredibly talented people to Washington and filled his Cabinet with people of exceptional ability, and he is an expression of that.

So it is a great pleasure to be here today, and I look forward to supporting your nomination and working with you.

The CHAIRMAN. Senator Harkin.

OPENING STATEMENT OF SENATOR HARKIN

Senator HARKIN. Thank you, Chairman Kennedy, Senator Jeffords.

I again want to welcome Governor Thompson, our neighbor, here and appreciate the opportunity to discuss the challenges.

But I also want to join with others in thanking you, Secretary Shalala, for your stewardship over 8 years. Again, for the record, you are the longest-serving Secretary of HHS in our history, and I think there is good reason for that. Our kids today are healthier. You helped us with the CHIP program to make sure that that was in place. Our families are stronger today because of your stewardship. You helped guide us and get us through the stormy welfare reform that we enacted, which has, I believe, put more people to work and given more people dignity, but you did it with a good safety net. I just want to thank you for all that you have done over the last 8 years.

Governor Thompson, I wear a couple of hats around here. I am on this committee, so I will be working with you on authorizations and reauthorizations. But I am also ranking member on the Appropriations Committee that appropriates money for the Department of Health and Human Services. Actually, I am chairman of it for another day. [Laughter.]

Senator Specter and I have alternated back and forth over the last 12 years as chairman and ranking member, so I take those responsibilities of oversight very carefully.

I think we can take pride in what we are doing on NIH and doubling the budget of NIH. I know you have been very strong on research, and so has Secretary Shalala. We are on our third installment of the 5-year doubling goal and look forward to working with you to make sure we keep our commitment to making that goal.

Also, Governor Thompson, a pioneer in one of the most exciting areas of research, stem-cell research, is James Thompson from the University of Wisconsin at Madison. I was pleased to see you recognized and applauded the work of Professor Thompson in your 1999 State of the State Address for his extraordinary research involving stem cells. I thank you for that. Because of his work and the work of thousands of other talented scientists funded by NIH who are in our universities all over America, we are on the brink of cures and treatments for chronic diseases such as juvenile diabetes, Parkinson's disease, Alzheimer's disease, and spinal cord injury.

But the exciting future for medical research in this country demands strong leadership, both from the Secretary and from the NIH director, whomever that may be. And I urge you, Governor Thompson, to aggressively seek a strong, dynamic new director for NIH—that position has been vacant for some time—who will continue to strengthen the agency's success as the crown jewel of our public health system.

Again, Governor Thompson, I look forward to working with you, welcome you here to Washington, and I will have some questions when we go around again. Glad to see you here.

[The prepared statement of Senator Harkin follows:]

PREPARED STATEMENT OF SENATOR HARKIN

Thank you Chairman Kennedy and Senator Jeffords. I extend a warm welcome to Governor Thompson and I appreciate the opportunity to discuss the challenges that lie before us in helping to keep Americans healthy and able to reach the best of their potential.

As you may know, Governor Thompson, I wear two hats on the Department of Health and Human Services. As a member of this committee, I will be working with you on authorizations and reauthorizations of important public health and human services programs. But as Ranking Member on the Labor, Health and Human Services and Education Appropriations Subcommittee, we will be working closely together on budgetary issues. I take my oversight responsibilities very seriously to ensure the tax dollars of the American people are used appropriately.

We can all take pride in our work to double the budget of the National Institutes of Health. Last year we increased the NIH budget \$2.5 billion, our 3rd installment in our 5 year doubling goal. The American people have benefited greatly from breakthroughs in biomedical research.

As you know, Governor Thompson, a pioneer in one of the most exciting areas of research—stem cell research—James Thomson, is from the University of Wisconsin at Madison. I was pleased to see you recognized and applauded the work of Professor Thomson in your 1999 State of the State address for his extraordinary research involving stem cells.

Because of his work, and the work of thousands of other talented scientists funded by the NIH, we are on the cusp of cures and treatments for chronic, disabling diseases such as juvenile diabetes, Parkinson's disease, Alzheimer's disease and spinal cord injury. But the exciting future for medical research in this country demands strong leadership, both from the Secretary and the NIH Director, whoever that may be. I urge you, Governor Thompson, to aggressively seek a strong, dynamic new Director for NIH who will continue and strengthen the agency's success as the "crown jewel" of our public health system.

There are many important issues that will confront this committee during this session of Congress including the reauthorization of the Temporary Assistance for Needy Families program next year. Since 1994, the welfare rolls have declined dramatically—by nearly 60 percent. However, as you know from your experience in Wisconsin, some of the greatest challenges in helping make families economically self-sufficient are still ahead of us and I look forward to working with you on the next stage of welfare reform.

I'm eager to hear more from Governor Thompson on his goals and plans for the Agency and I'll have some questions for him on disability policy, medical records privacy and tobacco regulation. I thank the Chair.

Questions for the Record Governor Thompson, From Senator Tom Harkin

Question 1. As you know, mifepristone (RU 486) was approved in combination with misoprostal in September, 2000 by the FDA for use in early medical abortion, after years of study and clinical trials. Mifepristone is authorized for use within the

first seven weeks of pregnancy, and has been used safely and effectively for almost 20 years by women in Europe and other countries.

Given your position on abortion, will you take any action to undo FDA approval of mifepristone or work to further restrict access to this drug?

Question 2. Since the early 1970's, the Federal Government has recognized the key role that family planning plays in the lives of American women by helping them to avoid unintended pregnancy. This recognition grew out of scientific research that shows unintended pregnancy threatens maternal and child health and the financial well-being of American families. The major Federal programs responsible for delivering family planning services to low-income women are Title X of the Public Health Service Act and Medicaid. Title X funds local clinics that provide contraceptives and related health services to 4.4 million American women, many of whom are low-income and uninsured.

These programs help American women avoid millions of unintended pregnancies each year while saving \$3 in public funds for every \$1 invested in family planning. Can you assure me that this federal commitment to family planning will be maintained?

Question 3. In 1984, Congress enacted legislation known as the Hatch-Waxman Act that has proven to be an enormous benefit to seniors, to consumers and taxpayers by providing quicker access to more affordable pharmaceutical products. One of the key components of the legislation was the provision of 6-month marketing exclusivity to firms that successfully challenge brand-name patents in order to encourage generic equivalents in the marketplace. Subsequently, in 1997, this committee passed legislation that provides incentives for increased research on the use of drugs for children by providing firms with an extra 6 months exclusivity. Unfortunately, I have been told that some at FDA are reading the pediatric exclusivity provisions of the "Better Pharmaceuticals for Children Act," when they overlap with the generic exclusivity provisions of the Hatch-Waxman Act, as nullifying the latter provisions. I am concerned this interpretation could undermine the very basis of Hatch-Waxman. As Secretary, what steps will you take to ensure that these two important provisions are administered so that patients can realize the benefits of both?

Question 4. As Governor of Wisconsin, you have done a lot of work on welfare reform and your State has seen a dramatic decline in the number of families receiving cash assistance. Nationally, the welfare rolls have declined by nearly 60 percent since 1994. However, reducing the size of the welfare rolls is only part of the battle. As you know, the goal of welfare is to help families become economically self-sufficient.

Congress must re-authorize the Temporary Assistance for Needy Families program in 20021. Can you outline your thoughts on this re-authorization and how we take welfare reform to the next level to help families become economically self-sufficient?

Question 5. I have seen the good works that Community Action Agencies perform in communities throughout Iowa. The CAAs provide a wide range of services to help individuals and families reach self-sufficiency, including job training, child care, Head Start, Adult Education, housing assistance, budget counseling, Weatherization, LIHEAP, nutrition programs, senior services, family development/self-sufficiency programs, and emergency services. These agencies are on the front lines of service delivery for the poor.

Governor Thompson, do you expect the Administration to be supportive of the Community Services Block Grant and how do you intend to incorporate the successful Community Action network into your agenda for the Department of Health and Human Services?

What steps do you intend to take to expand the ability of Community Action Agencies to offer innovative, comprehensive solutions to empower Americans now living in poverty?

President-elect Bush has publicly stated his support for LIHEAP, and we know that you have been supportive of the program as governor of Wisconsin. The vast majority of Congress also supports LIHEAP. More than forty Senators signed a joint letter last fall calling for an appropriation of \$1.65 billion, a \$550 million increase.

The need for LIHEAP is even greater this year with escalating fuel costs. How much of an investment in LIHEAP are you prepared to recommend, both in terms of additional 2001 emergency funds and 2002 funding?

Community Action Agencies fight poverty and promote self-sufficiency at the most grass roots level. Their programs are designed by the community, for the community. Given your belief in state and local flexibility for the delivery of social services, how do you intend to integrate the experience and resources of the Community Action network into Welfare Reform re-authorization?

Several Community Action Agencies in rural Wisconsin are using TANF funds to help low-income households purchase reliable vehicles so they can travel to better paying jobs. What plans do you have to encourage other states to fund their rural CAAs to replicate the success of those projects?

Question 6. In 1994, the Dietary Supplement Health and Education Act (DSHEA) was passed unanimously in the Senate and House and signed into law by President Clinton. This important public health law expanded consumer choice, increased research and provided the government with mechanisms to protect the public from unsafe products and false or misleading advertisements.

DSHEA envisioned FDA issuing Good Manufacturing Practices for dietary supplements. After 6 years of prodding, those GMPs are now at the Office of Management and Budget for final approval. Are you committed to making sure sound dietary supplement GMPs are issued promptly? Also, do you agree with FDA Commissioner Jane Henney's response to my questions at her confirmation that DSHEA does provide adequate authority for FDA to protect the public health and therefore does not need to be amended? The FDA has been considering action regarding supplements containing ephedra. Do you believe that any such regulatory should be based on sound science and should allow for public comment before becoming final?

Question 7. Funding for the Food and Drug Administration's food safety programs is inadequate. The General Accounting Office has found that FDA receives 27 percent of Federal funds for food inspections to inspect 92 percent of the food establishments in the United States. In dollar terms, FDA received \$260 million to inspect 57,000 food establishments and over 9,000 animal drug and feed establishments, as well as the majority of food imported into the United States. To contrast this, USDA received \$712 million to inspect over 6,000 meat, poultry, egg product, and import establishments.

I have spent the last 3 years working hard get increased funds for food safety at USDA. Will you pledge, if confirmed, to work with me to continue increasing FDA's budget for food safety in order to get it where it needs to be for FDA to fulfill its food safety responsibilities?

[Please note—The responses to the questions were not received at press time. When received, they will be retained in the files of the committee.]

The CHAIRMAN. Senator Frist.

OPENING STATEMENT OF SENATOR FRIST

Senator FRIST. Thank you, Mr. Chairman.

Welcome, Governor Thompson, and I, too, want to thank and express my appreciation to Secretary Shalala, whom I and my staff have had the opportunity to work with and with her staff over the past 6 years on the wide range of issues that this committee has purview over. They are tough, and they are challenging, and there are no clear answers, whether it is public health or the uninsured or medical errors or genetic-type research or the NIH or organ transplantation. It has been a real pleasure for me personally to have had that opportunity to work with you and, I will say, our staffs working together.

Today in part is a historic day as we all prepare tomorrow for a passing on of many different titles and many different positions, and this one as Secretary of Health and Human Services is one that is critically important to each and every person listening today and participating on this committee because of the breadth of issues that we must address.

I am delighted to be able to welcome Governor Thompson today as the person who will assume that mantle. He has a strong record of demonstrated leadership and an ability to think innovatively and creatively.

Over the course of this morning, really building in part on a number of the issues that were talked about yesterday in his hearing before the Finance Committee, I hope we have the opportunity to address issues like the uninsured. When I came here 6 years

ago, I believe there were 38 to 39 million uninsured citizens in this country; it is now up to 43 million. I am very hopeful that we can not only address how to expand that health insurance but will examine very closely and build upon what we began in this committee over the last several years, and that is to address the issues around safety nets for those people who do not have insurance.

We need to do everything we can with refundable tax credits, I believe, in order to expand the number of people who have access to insurance, but at the same time, we on this committee have a responsibility to look at that safety net supported by community health centers, our public health infrastructure that for too long has not been the sort of star out there that people can rally behind that it needs to be as we go forward.

The issue of a patient's bill of rights I know we will have the opportunity to address. There are a few guiding principles, but I am absolutely convinced—absolutely convinced—that very early on in this administration, we can come together to put together in a bipartisan way, based on some guiding principles that have been set out by President-elect Bush, a bill that does protect patients, a bill that could be very similar to what has been implemented in Texas, and one that will not have unnecessary mandates that drive the cost of health insurance up and increase the number of uninsured.

Finally, on Medicare and prescription drugs, it was a big part of the campaign, and you addressed that extensively yesterday. I do not know how much we will touch upon it today, but again, I am absolutely convinced, especially with somebody with your creativity, your commitment to innovation, and your past track record, that we can modernize Medicare in a way to ensure that prescription drugs will be available and affordable for all seniors.

So I am delighted that you are before us today and we will have the opportunity to have further questioning as we go forward and to listen to you spell out, as far as we know it today, the agenda over the next several months on these very, very telling issues.

The CHAIRMAN. Thank you very much.

Senator Mikulski.

OPENING STATEMENT OF SENATOR MIKULSKI

Senator MIKULSKI. Thank you very much, Mr. Chairman.

Governor Thompson, I want to welcome you in the most cordial and collegial way. The fact that your two Democratic Senators are here to introduce you with such vigor is a tribute, obviously, to the bipartisan relationships you had in your own State, and we look forward to those here. This committee, when it really is willing to focus, has a tradition of working on a bipartisan basis.

I feel very comfortable with your nomination. My criteria are competency, integrity, and a commitment to the agency and the mission of the agency, and I believe you bring all three. Your life-long work in Wisconsin and even nationally with the National Governors' Association shows that.

I know that your very dear wife is a breast cancer survivor and that you have really worked to expand women's health opportunities in Wisconsin. I know of your commitment to the issues of aging and particularly long-term care, and this is one of our areas of bipartisan work. For instance, last year Senator DeWine and I reau-

thorized the Older Americans Act and established the National Family Caregiver Support Program.

You work on welfare reform is legendary, and as a professionally trained social worker, I look forward to more conversations with you on how we can stay the course.

So we welcome you. You follow a wonderful public servant in Donna Shalala—we wish you well, Donna. We know that, like an old soldier, you will not die, and I do not believe you will fade away. We want to thank you for your service.

We really look forward to working with you, Governor. This morning I had intended to give you a letter asking you to retain Dr. Jane Henney as Commissioner of FDA and also to move promptly to appoint a new director of NIH. We have a very competent professional in Dr. Ruth Kirschstein, who has been the acting director, but we need a director of NIH.

However, sir, I was very troubled that 10 minutes before the hearing, I received a call from Dr. Jane Henney, saying that she was notified last night that not only was her resignation accepted, but that she had to be out of FDA by today.

Sir, this is not the way to begin. This is truly not the way to begin. Dr. Jane Henney has been an enormously competent professional. She has brought this agency into the 21st century, and we had looked forward to a time when FDA was not politicized. Jane Henney made some tough calls, one of which was RU-486 and its approval. I hope that this dismissal of Jane Henney does not mean that FDA will become a battleground in the future. We cannot politicize FDA, and we cannot politicize NIH.

From what I gathered in our brief conversation, Sir, you were not aware that Dr. Henney was asked to leave by close of business today. If the administration chooses for Dr. Henney to leave, that is a subject of another discussion, but I really urge you not to just ask a woman who has served the Nation as a physician and served FDA to pack up and be out of there in 24 hours. I do not think that is the way to begin. I ask you to look into this matter.

So let us move on, and again, I really do look forward to working with you. I ask that we not politicize FDA. Others on the other side of the aisle felt that Dr. David Kessler was a political lightning rod. Let us not get into political lightning rods. We get more done when we try to have a light to get the job done.

Unfortunately, I may not be here for questions, because I have to go to a Goddard memorandum of agreement with the University of Maryland, but I do look forward to working with you.

And, Donna, God bless you for all of your wonderful stewardship and leadership of a great agency.

Thank you, Governor.

The CHAIRMAN. Thank you. I would just say that I second your point about Jane Henney. I think that you will find that she has broad support in the industry, the biotechnology industry, the pharmaceutical industry, and also the food industry. If you want to go through a long period of time to try and replace her, I think it will be a real challenge. So I want to underline what Senator Mikulski has said.

Senator Enzi.

OPENING STATEMENT OF SENATOR ENZI

Senator ENZI. Thank you, Mr. Chairman, and I want to thank you for the prompt scheduling of this hearing.

Welcome, Governor Thompson, and the distinguished people who will be introducing him later. It has been noted that Secretary Shalala is from Wisconsin, and I want to add my congratulations on how good she has been for America. And I thank the Senators for the courtesy that they are showing and their respect for the Governor of their State. I got to meet with him and have been very impressed with—

Senator WELLSTONE. Mike, you might have to get closer to the mike. We cannot hear you down here.

Senator ENZI. I have had the opportunity to meet with him and have been impressed with a number of his ideas. I would note that he is the only Secretary who is appearing before two committees, and that shows how this particular position touches every part of everyone's lives.

I have been learning from the Governor for a long time. When I was in the legislature, I followed a number of the initiatives he had in his State. I do not mind telling you that I am glad that good ideas in Government are not copyrightable. We borrowed some for Wyoming, and they worked well there as well.

I want to congratulate you on your record in public health and health care and reducing the uninsured and child welfare, and particularly on welfare reform. You did welfare reform so well that everyone is claiming the idea.

My job on the committee is to bring a rural perspective. I come from the most rural State, not the smallest State, but the most rural State, in the Nation. And I am pleased with the way that most of your policies have dealt with the rural areas of your State and your understanding of States' rights and the realization that the States can be a huge laboratory for ideas that will work nationwide.

I also want to thank you for your recognition that people do live at the local level, not at the Federal level.

Mr. Chairman, I would ask that my full statement be in the record.

The CHAIRMAN. Without objection, so ordered.

[The prepared statement of Senator Enzi follows:]

PREPARED STATEMENT OF SENATOR ENZI

Mr. Chairman, I'd like to thank the committee for convening to consider Governor Thompson's nomination. I'd also like to join my colleagues in offering the Governor a warm welcome to Washington, as he prepares to assume one of the most challenging positions in the administration.

The Governor's successful record on improving the public health infrastructure in Wisconsin, expanding access to services for needy families and improving the well being of children in his great state clearly make him the best candidate for the job. And as the committee overseeing the bulk of the health care, child welfare and human services priorities identified by the new administration, I

know I speak for all of my colleagues when I say we're here to help you in your effort to execute good policies.

Speaking from a rural State perspective, I know first hand how critical it is that the Department of Health and Human Services be led by a person who understands how States and localities receive and administer funding under federal programs. I am very excited to step up the existing efforts to not only improve small States' access to the range of programs at HHS but also to perfect the technical assistance HHS provides to those States.

I am also interested in expanding the opportunities for those States who are not currently receiving funds through the National Institutes of Health. As you know, Congress is well on its way to fulfilling its commitment to double the funding at NIH, bringing the total annual appropriation to roughly \$30 billion in just a few short years. It is essential that NIH fund new, non-traditional research at institutions that do not currently receive funds. For example, environmental health research, the development of health technology, clinical research and health care access and disparities research are initiatives that could be conducted outside of academic medical centers. I believe such an effort to broaden the scope of NIH-sponsored research would bring to bear the valuable expertise of other institutions that we are not fully benefiting from now.

Lastly, I would like to say how pleased I am that the issue of the uninsured is a priority of this Administration. That is, without a doubt, the most important health care matter on the horizon. I look forward to the Governor's leadership in concentrating on real solutions.

Again, I thank the Governor for accepting the job and express my confidence in his abilities.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Wellstone.

OPENING STATEMENT OF SENATOR WELLSTONE

Senator WELLSTONE. Thank you, Mr. Chairman.

Welcome, Governor Thompson, and I see you have a very distinguished lineup here behind you.

And, Secretary Shalala, thank you for all that you have done for our country. Thank you for your great service.

I think that what I am going to do is not have any formal, even 2 minutes' worth of remarks, but more go to some questions that I want to put to you, just to maybe get you thinking about them a little bit. I look forward to the hearing. I want to try to raise a couple of different questions with you.

First of all, on the whole issue of equal treatment for people struggling with mental health, this is something that Senator Domenici and I and others on the committee have worked on. For example, with Medicare, just take Medicare alone, there are much higher copays for people who are struggling with mental illness when they go to seek care than other people. We are trying to get some fairness in getting treatment to people, and I would be interested in your response to this.

On substance abuse treatment, Congressman Ramstad, a Republican on the House side, has been very courageous in the recovery

community about his struggle and again about the discrimination and lack of coverage for treatment. I want to ask you about that.

Then, on welfare, my own view about welfare is that, frankly, I do not think the verdict is yet in. I do not think we really have the data. There are some studies from the University of Wisconsin, some data from Health and Human Services, some data from the Centers for Disease Control that suggest that actually, people who have left welfare in Wisconsin economically have lower incomes, that neonatal mortality has gone way up, especially in African American and Latino/Latina communities, and that anywhere from 28 percent to 36 percent of the people who have been off welfare have no jobs at all. I want to ask some probing questions about that, mainly because I agree with the goal of people being able to go from welfare to economic self-sufficiency, and I have questions about total block grants, without having some clear guidelines as to what we are doing to make sure that we do not end up hurting people and we do not end up going against our goal, which is moving from welfare to economic self-sufficiency.

There is some data that has come out on the Wisconsin experience that you may not agree with, but I want to put those questions to you, not so much to say this happened in Wisconsin, but more to get an idea of where you believe Health and Human Services and the country is going on, quote, welfare reform.

I thank you for being here.

The CHAIRMAN. Senator Hutchinson.

OPENING STATEMENT OF SENATOR HUTCHINSON

Senator HUTCHINSON. Thank you, Mr. Chairman.

Welcome, Secretary Shalala, our distinguished colleagues, and a special welcome to Governor Thompson. We are glad that you are here, and I am very pleased with the choice that President-elect Bush has made.

I want to say regarding your role on welfare reform that more than any one single individual, in my opinion, you are the father of modern welfare reform, and you deserve enormous credit for what you did in Wisconsin. The Wisconsin experience and what you did there really became the template for national, Federal welfare reform.

I remember well during my years in the House when we worked on welfare reform. So often it seems that the Congress is working at cross-purposes with the Governors—in this case, however, to a great extent because of your leadership, we worked with the Governors to bring about real meaningful welfare reform that has, perhaps more significantly than any legislation in recent years, transformed the welfare culture in this country.

So I applaud you. I thank you for what you have accomplished. You had a vision for a better life for those who have been trapped in a system of dependency. So thank you for your role in that, and I think the example that you set in working with us bodes well for what we can expect in the next few years.

Governor, it is my understanding that in 1998, Wisconsin public child welfare agencies placed 589 children into adoptive homes, and that represented better than a 60 percent increase since 1995.

You have a track record on child abuse and neglect in Wisconsin that is admirable. The Wisconsin child poverty rate of 12.2 percent was 8.3 percent lower than the national average. I look at my State of Arkansas, where child poverty is such a problem, and I applaud what you did in Wisconsin and look forward to your providing leadership in that area.

One of my special areas of interest has been community health centers, to which I have been very committed. They provide the ultimate safety net in poor areas like the Delta of Arkansas. I know the administration, President-elect Bush, has made a major commitment to community health centers. I look forward to hearing your vision for community health centers, and I have a number of other issues I want to raise.

I thank you for your leadership, and I look forward to voting for your confirmation.

Senator DODD [presiding]. Senator Murray.

OPENING STATEMENT OF SENATOR MURRAY

Senator MURRAY. Thank you very much, Mr. Chairman, and let me join my colleagues in welcoming you here today, Governor Thompson. Let me thank you for your interest in serving as the Secretary of Health and Human Services. We all really appreciate it.

I was in Olympia, WA, my State capital, 2 days ago and my Governor, Gary Locke, said to express to you that he was delighted with your nomination. He said you would be great to work with, and he sends you his regards and his support as well.

Governor THOMPSON. Thank you.

Senator MURRAY. Yesterday, Governor, you told the Finance Committee about the role that this Department plays in all of our lives, and I really agree with your assessment. The Department of Health and Human Services really touches every American from birth to old age—Head Start programs, FDA, as Senator Mikulski talked about, Medicaid, Ryan White, NIH, CDC, violence against women. All of us will be touched at some time in our lives by your Department, and our challenge, really, and Governor, your challenge, is to ensure that Americans continue to get the vital services that they need.

I also serve on the Appropriations Committee with my chairman, Senator Harkin, so I follow all these issues very closely, and I look forward to building a strong working relationship with you about the issues that you will be overseeing as Secretary of this Department.

I recognize, too, that you have very tough shoes to fill. Secretary Shalala has been one of the most effective Health and Human Services Secretaries, and her public health accomplishments will be very tough to match.

Secretary Shalala, thank you for your service to our country.

Secretary Shalala has advanced women's health and pediatric health care issues, and she has worked to expand medical access for women and to emphasize early childhood development. I hope, Governor, that you will continue those efforts on behalf of women's health, from ensuring gender equity in medical research to improving access to family planning and maternal health care.

I remain committed to the goals that Secretary Shalala started in this area, and I want to work with you to make those a reality.

I will be raising other issues as we get to the question period, but I did want to mention one, and that is Medicare, which, as all of us know, was created in 1965, and since then, health care has changed dramatically. But we do need to modernize Medicare for today's needs. We need to provide access to affordable health care and prescription drug coverage. We have got to make sure that Medicare patients have timely access to the latest medical treatments. And we need to update and streamline Medicare's reimbursement policies.

For the past 2 years, I have been working to update Medicare so it will provide coverage for self-injectable biologics. It really does not make sense to me that we treat the same drug differently depending on whether it is administered in a doctor's office or in a patient's home.

So there is a lot that we need to do to update Medicare and to work on a lot of other issues. I want you to know that I look forward to working with you and to hearing your responses to our questions in the upcoming period.

Thank you very much.

Senator DODD. Thank you, Senator.

Senator COLLINS.

OPENING STATEMENT OF SENATOR COLLINS

Senator COLLINS. Thank you very much.

I want to start this morning by echoing the praise that my colleagues have given Secretary Shalala. I am amazed that she is once again trading in the very tame politics of Washington, DC to return to the very intense politics of a college campus.

I also want to, in response to the concerns raised by my friend and colleague from Maryland, say that I, too, have a very high opinion of the FDA Commissioner. I would note, however, that the way in which she was fired is not unusual. I was a political appointee in the Bush administration, and I was fired by fax by President Clinton at 12:01 a.m. on Inauguration Day and told to clean out my office by the end of the day. So, in a way, I envy—

Senator MIKULSKI. We apologize. [Laughter.]

Senator Collins [continuing.] I envy that she had the courtesy of a phone call rather than a fax. But I do think that the point, nevertheless, is an important one.

I want to welcome Governor Thompson. I am just delighted with his appointment. I cannot think of anyone who is more qualified than he is to head what is arguably the most important department in the Federal Government.

Governor Thompson brings with him from Wisconsin tremendous skills and extensive experience. I am so impressed with the new and creative ways that he has made Federal programs work better for the people of his State. He is also known for his ability to develop innovative solutions to tough problems on a bipartisan basis, and that is a skill that is certainly going to be very useful in this new environment.

He has made remarkable progress in addressing the needs of Wisconsin's families. His Wisconsin Works Program has not only

moved thousands of families from welfare to work, but it has also ensured that they have an effective safety net that ensures that they have health insurance, job training, and child care assistance.

I am particularly interested in and impressed by his attempts to expand access to affordable health insurance. His BadgerCare Program puts Wisconsin in the forefront of such efforts, and I look forward to working with him to see what the Federal Government can do to reduce the high number of uninsured Americans.

We have a lot of challenges facing us, whether it is expanding access to affordable health care or modernizing Medicare to provide prescription drug coverage, improving access to health care in rural communities, and meeting our growing need for long-term care. I look forward to working closely with Governor Thompson to achieve these goals.

Thank you.

Senator DODD. Thank you, Senator.

Senator Reed of Rhode Island.

OPENING STATEMENT OF SENATOR REED

Senator REED. Thank you very much, Mr. Chairman.

Welcome, Governor. We look forward to your testimony and anticipate your service as the Secretary of HHS. You have an extraordinary task. Your Department touches the lives of all Americans. It is a Department with a budget of over \$400 billion, 63,000 employees and 300 programs, so you have both policy and management challenges awaiting you.

You also have the unenviable task of following an extraordinary Secretary, Secretary Shalala, whose service to the Nation as the Secretary of HHS has been remarkable, indeed historic, and we thank her for that great contribution to our country.

Governor, you will face many challenges, but one of the most significant areas the Department of Health and Human Services affects is the lives of children throughout this country. In fact, in this committee, one thread that goes through almost everything we do is children—education, health care—and without strong support, particularly of health and child care for children, we are not able to accomplish any of the great goals of this country.

I would hope as you move forward with your assignments and your responsibilities, Governor, that you would pay particular attention to children, as you have done in Wisconsin, to ensure that they not only have access to good health care, but that they have access to good, safe, decent daycare, child care, and that we work to eliminate some of the obvious problems that they face, ranging from immunizations for children, preventing lead exposure of children, tobacco prevention, and a host of other issues. I would urge you to do that in your new capacity as HHS Secretary.

I am particularly interested in improving the support we give to daycare providers so they can provide more and better enhanced care for children.

All of these are great challenges, and I look forward to working with you and wish you well as you assume these responsibilities, Governor.

Thank you.

Senator DODD. Thank you very much, Senator.

Senator Hagel.

OPENING STATEMENT OF SENATOR HAGEL

Senator HAGEL. Mr. Chairman, thank you.

Secretary Shalala, thank you for your service to our country. We are a stronger, better country because of your leadership, your courage, and your service, and I thank you.

Governor Thompson, welcome. You are, as noted here and on previous occasions, a legitimate, bona fide, tested, proven leader and reformer, two indispensable requisites in this business of health care reform, and you will need all that you bring to this job, I think, as you know.

In your portfolio, you have the real common-denominator issue of our time for all of our citizens, and that is health care, as has been noted here.

Yesterday, as also has been noted, you appeared before that lesser committee, Finance, and during your appearance and question-and-answer period, you talked about and were asked about, as you have been so far and will be today, prescription drugs, Medicare reform, HCFA reform—those small, easy issues that you will deal with, as your successor will deal with, and all who have come before and all who will come after.

The world is dynamic. The challenges change. This is not 1965, and that is why I think it is so important that you are here at this time to build on what Secretary Shalala has accomplished. We will get into some of those specifics, obviously, this morning.

A third issue I wanted to raise here—and, again, we will have more opportunity to pursue in more detail—as has been noted this morning, is the Food and Drug Administration. I have not been as pleased perhaps as some of my colleagues about the administration of that agency, mainly because I think the 1997 FDA Modernization Act has not been administered or implemented as well as some of us had hoped. That is an area that you are going to have to deal with. Aside from the fact of how the administrator was asked to leave and when she was asked to leave, the fact is that that is a big issue that you are going to have to deal with.

So, sir, I look forward to working with you and supporting you, and we are glad to have you here.

Mr. Chairman, thank you.

Senator DODD. Thank you, Senator.

Senator Sessions.

OPENING STATEMENT OF SENATOR SESSIONS

Senator SESSIONS. Thank you, Mr. Chairman.

Secretary Shalala, I thank you for your service. You have given committed, dedicated, tremendous service to your country, and we appreciate that.

Governor Thompson, I, like others, believe that you are perfect for this job. You have the vigor and the passion and the courage, the history of innovation, that is absolutely necessary to convert this bureaucracy in a way so it actually serves the people. That is what I think compassionate conservatism is. What you have done

in your State is to bend the system and make it serve the people, and that is what it is all about.

I believe that you are a perfect choice for Secretary. Your success in welfare reform is stunning. During your tenure as Governor, you cut Wisconsin's monthly welfare caseload by 93 percent, and the people who are not getting jobs I know have problems, difficult problems. You were able because of the reduction in caseload to give more attention to those who really need it and get the people who can work working, and I think they are so much better for it.

You have had terrific success dealing with health care, and helping in the delivery of health care to low-income families. You have improved education in a lot of different ways. You have involved parents and given them more authority regarding their children's education.

I would say to you that from the Federal perspective on education, we must figure a way to help the teacher in the classroom where learning occurs. In many ways, I believe the Federal Government's regulations and rules, that they impose on the States, have undermined the ability of the teacher to teach.

As others noted, I think a patients' bill of rights is achievable, and I believe that a prescription drug plan is achievable. I am not sure if any current proposals are perfect. Maybe a comprehensive look at how to deliver prescription drugs in an affordable way would be in order. If you do that, it would be a great contribution.

We are excited to have you here and look forward to working with you.

Senator DODD. Thank you, Senator.

Senator Bond, welcome. We welcome your presence on the committee.

OPENING STATEMENT OF SENATOR BOND

Senator BOND. Thank you very much, Chairman Dodd, temporarily, and soon to be chairman—

Senator DODD. You do not have to say that. I have 24 more hours. Do not rub it in.

Senator BOND. Enjoy it, sir, and we will bow down to you for at least—well, maybe 25 hours. Whatever is your wish is our command for that time period.

I do want to welcome my good friend, Tommy Thompson. I am delighted to be able to come into this committee at the time that he is joining the administration. We will miss Secretary Shalala and send our best wishes and thanks for your good job. Governor Thompson, as a Governor, you were on the front lines—and I happen to be a little bit prejudiced because I think that Governors are what make the system work—and there is nobody who has done more to make Congress' welfare reform work than you in Wisconsin. What you did showed compassionate conservatism. You showed that it really makes sense, given the freedom by Congress, to do the things that you knew that were right and that could serve the people. You did them, and they worked. I think that that is a good message for so many other things. We try to micromanage far too much in Washington. To the extent that we can empower the States to undertake responsibilities and get the job done, we are going to see continued progress. Your experience at the State level

and the way you have done it will not only enable us, I think, to transfer powers appropriately to States or even to local entities, but certainly your experience will be invaluable in running the Department and doing the jobs that the Department can and must continue to do.

I am confident that your selection will bring great credit on the incoming Bush administration. I think you are going to be an outstanding Secretary, and I know that you are going to prove the naysayers wrong and show that conservatism can be compassionate.

I do want to discuss some real problems in the health care area. I know that Medicare is not the jurisdiction of this committee, but we have seen in the past 2 years the implementation by HCFA of the Balanced Budget Act, which has caused great hardship in many areas. Home health care spending has been cut by 48 percent, which is absolutely an outrageous way to penalize one element in the health care system that we ought to be encouraging. Keeping people in their homes, out of institutions, is not just more economical and efficient, it is humane, because the people whom I talk to would far rather be in their homes than in an institution.

HCFA has overreacted. They have thrown 900,000 seniors and disabled people out of the home health care system in my State. We have lost more than one-third of our home health care providers. Nowadays, if somebody has diabetes and has to be treated every day, the home health care agencies say they just cannot afford to do it.

There is something wrong when we say, okay, we cannot afford to send a nurse around once a day to this diabetic, so we are going to have to pay four times more and put that person in a nursing home or other institution. It does not make any sense.

The big guillotine hanging over the head of home health care agencies is a threatened additional 15 percent cut. That would really be the coup de grace and just wipe out the health care that is a vital part of the continuum of health care services.

Last year, I was very pleased to work with Senator Frist, Senator Kennedy, and others on the Children's Health Act. One key section of that bill, something that I worked on for the March of Dimes over the years, is the Center for Birth Defects and Development Disabilities within the Centers for Disease Control. The CDC this year will have the task of making the center a reality. I think that you and the Bush administration can do a good deal by making a strong statement of support, requesting funding for it.

Most people do not realize that birth defects are the number one cause of death of infants under 1 year old, and for a developed country, we have far too high a rate of birth defects, particularly in poverty areas and minority areas. It is something that a developed country ought not to have to put up with.

Nursing homes also have been hit by the Balanced Budget Act implementation by HCFA. Audits of State nursing homes have pointed out some really serious problems in the quality of care. It is not a pretty picture that we have seen from my State and others. We are going to have to look at that.

There will be lots of areas in which we want to work, but I know that you and your Senators would probably like to get on to the

business of hearing an opening statement. I congratulate you and thank you for your willingness to take on the job. I look forward to working with you.

Senator DODD. Thank you, Senator.

Senator Edwards has joined us, but let me go to Senator Roberts, and then I will come to you, John.

OPENING STATEMENT OF SENATOR ROBERTS

Senator ROBERTS. I thank the distinguished chairman. Mr. Chairman and Mr. Chairman, chairmen both, I feel very privileged to serve on this committee. I think every Senator works either indirectly or directly on the issues that affect this committee. So it is a pleasure for me to become a new member, working with Senator Collins in regard to Medicare reimbursement, and I certainly agree with Senator Bond in that regard.

Senator Dodd, I thank you for your leadership on the child-care effort, and we will work together on that.

Senator Jeffords, whom I worked with in the House quite a few years ago, I want to thank for his efforts on education. He has a chart that shows the American student dead-last in regard to math and science. We are going to have to do something about that.

In the House some years ago, I served as chairman of the Rural Health Care Coalition. I think Craig Thomas does that now, from Wyoming. And, like Senator Enzi and Senator Hagel, I am privileged to represent some rural and small-town areas.

That brings me to a point in regard to Donna Shalala. It is not often that you get a Secretary of an entire agency to meet with you to, quote, save one small rural hospital, which she did. We were having some problems with Medicare reimbursement, and after sort of banging her head against the wall and getting some bloody knuckles with HCFA, the Secretary interceded. I want to thank you for that and thank you for the job that you are doing.

I am happy to be part of the Tommy Thompson marching band. I do not know whether to play bass drum or trombone or trumpet or piccolo, but I am happy to play whatever instrument you want, sir. I remember the thrilling days of yesterday in Bob Dole's office in regard to welfare reform when I was chairman of the once powerful House Agriculture Committee. We had food stamps under our jurisdiction, and thank you for your leadership. I agree with all the statements made.

Let me point out to you, sir, that I am for the doubling of the NIH funds, and you are a research champion to the extent that you attract 13 new companies every year in Wisconsin due to your research investment. I am trying to get Kansas to respond with the Kansas legislature and our Governor. But I would point out to you that 22 States only have 7 percent of NIH funding. Well, that is just not fair. We want to make that a little more equitable, so Senator Bond and I want to extend an invitation for you to come to Kansas City. Everything is up-to-date in Kansas City, except that just a little bit more research funding would help. [Laughter.]

We have a Kansas City Life Science—I guess I would call it “Initiative”—with five or six groups now working together. It is a biotechnology effort. It is going to knock your socks off. Well, maybe if it does not do that, it will be very impressive. So when you do

get a little time, I want you to come to Kansas City, and certainly we will welcome you there.

You say on page 11 of your statement—everybody wake up and pay attention to this—“HCFA needs a thorough examination of its mission, the competing demands, and the available resources.”

Mr. Secretary, if I talk to a hospital board or the beleaguered hospital administrator in the State of Kansas, with many rural hospitals, I will tell you, asking HCFA for help is about like asking the Boston Strangler for a neck massage. [Laughter.] People crawl out of train wrecks faster than HCFA responds, and when they do, it is not a good situation.

I have been working on this now for 20, 30 years in regard to public service. I am not trying to pick on the current Secretary. She interceded in that regard. So I stand ready to work with you. I will give you a new broom, if that is what it takes, but we have to make some progress with HCFA.

Thank you, sir. We are all for you.

[The prepared statement of Senator Roberts follows:]

PREPARED STATEMENT OF SENATOR ROBERTS

Mr. Chairman, as a new member of the committee, I look forward to working with you and Mr. Jeffords as well as my Committee colleagues.

I think the results of today's hearing on President-elect Bush's selection of Governor Thompson to head the Health and Human Service Department will certify that he has the expertise to lead this important federal agency. I know that he comes to Washington prepared to address the multiple health care issues facing the United States.

Kansans tell me that strengthening Medicare and providing assistance on prescription drug prices is number one on their health care agenda. My constituents are also very aware of the devastating impact the 1997 Balanced Budget Act cuts had had on their access to health care.

Across Kansas, rural hospitals have borne the brunt of the 1997 cuts. At the time it was enacted, official estimates predicted that Medicare spending would be reduced by about \$116 billion over 5 years and \$393 billion over 10 years. According to more recent projections, we are saving almost twice as much as we thought, or about \$200 billion over 5 years.

Governor Thompson, Congress reversed the pain of these cuts with the \$35 billion Medicare package passed last year. I hope you and the new HCFA Administrator can expedite the Rural Health Care provisions included in last year's Medicare bill. If not implemented soon, Kansas will continue to lose rural hospitals and critical health care access.

Governor Thompson, I could go into further detail about national health care issues, but as Governor you know them and will handle them ably.

Health care is not only about doctor and hospital reimbursement, it is also about research.

Every day, we hear more about medical research breakthroughs ranging from what genes are linked to specific diseases, to vaccines and miracle drug treatments. Americans support health care re-

search because it improves our quality of life and also is an important economic development tool. I continue to support efforts to double NIH's research budget.

I hope you bring with you to HHS your strong support for research. Because of your interest in research in Wisconsin, I am told an average of 13 new companies are established annually based on Wisconsin research breakthroughs.

That was my windup, and now I am going to make my pitch to you on research.

As Congress continues to answer our constituent's demand for more medical research, NIH and HHS must be more equitable in sharing these research dollars to all research institutions.

The Kansas City Life Sciences Initiative is moving toward building the critical research infrastructure to conduct basic and applied life science research. This cooperative bi-state life science research consortium includes the University of Kansas Medical Center, the University of Missouri at Kansas City, the Stowers Institute for Medical Research, and the Midwest Research Institute.

In order for this private/public research effort to achieve its goal of being a national leader in the life sciences field will require your assistance. Right now, Kansas and twenty-two other states receive only 7 percent of NIH research funds. This is not fair. Research universities in Kansas that are integral to this Initiative have national experts in fields such as kidney research and brain imaging and should be getting more NIH research funding.

I would like to invite you to come to Kansas City this year (perhaps Sen. Bond can join us) and have a roundtable discussion of how NIH can be a better partner in research, not only for Kansas, but the other twenty two states that don't receive enough research funding.

Mr. Chairman, I hope the Committee can approve Governor Thompson's nomination as soon as possible. He is the right man at the right time.

I also look forward to your leadership as it pertains to vital life science research at the NIH and other HHS agencies. Your record in expanding research at Wisconsin research universities is most impressive. Senator Bond and I are working closely with the Kansas City Life Science Initiative that has brought together national research experts from our two States to work together on.

Senator DODD. Thank you, Senator Roberts. I am glad you are on this committee here. [Laughter.]

Last but not least, our newest member as well, John Edwards of North Carolina. John, we welcome you to the committee. You have been welcomed already, but we are pleased that you have become a part of this committee.

OPENING STATEMENT OF SENATOR EDWARDS

Senator EDWARDS. Thank you very much, Mr. Chairman.

We can always count on Senator Roberts to be plainspoken.

It is my honor and privilege to be a new member of this historic committee that has had such a dramatic effect on the quality of the lives of so many Americans, and I particularly want to thank Senator Jeffords and Senators Kennedy and Dodd for their leadership. It is a great honor for me to serve on this committee.

I have to say a word and join the chorus about Secretary Shalala. We are so proud of you and so proud of the work that you have done. You can leave this position knowing what an extraordinary effect you have had on so many Americans' lives. You should be proud of yourself. We are certainly proud of you.

Governor Thompson, welcome. You come to this hearing highly recommended. My friend Jim Hunt from North Carolina has spoken to me about you, our former Governor whom we are so proud of, and our present Governor, Mike Easley, has spoken to me about you. They speak very highly of your ability to work across party lines, which I think is something that we are going to need very badly in this administration. You do have a heavy burden and an awful lot of challenges in front of you.

You are in very good company down there with Senators Feingold and Kohl, I have to tell you, having worked with them over the course of the last couple of years. Also, they are great friends of ours.

There are a number of things that I know are shared jurisdiction between this committee and the Finance Committee, but I know you spoke yesterday about prescription drugs, which is something that we care a great deal about. It is an issue on which you and I probably have some differing views. But we want to work with you on it and talk about those differing views and try to find solutions. We are here to try to solve that problem for our senior citizens in this country, and we want to work very hard on it.

I actually agree with some of the things that Senator Bond said just a few minutes ago about rural health care and home health care, which is an issue that I have worked on over the course of the last couple of years. We have had enormous problems with the BBA and its impact on hospitals and other health care providers, and particularly some of the unintended consequences that we're now having to fix.

We do need for our senior citizens who are capable of getting health care at home to get that health care at home and maintain the dignity of that surrounding, without having to incur the extraordinary costs of being in an acute care facility. That is something that we have been focused on and I know that that is something you and I will be able to work together on as we go forward.

You and I spoke—and I appreciate your coming by to see me—about medical research and what we both believe to be the critical nature of the funding of NIH and medical research and the long-term effect that it can have on health care costs in this country.

We also talked about our rural health care system, which I know is important to you in your home State of Wisconsin. It is critically important to me in North Carolina. We have an enormous problem with people in the rural areas of North Carolina obtaining access to affordable, high quality health care.

So we welcome you. I intend to support you. I think you will do a terrific job, and we want to work together. We are going to disagree; I can predict that in advance. But you have my word that we will not disengage. We will work together to try to solve this country's problems.

Senator DODD. Thank you very much, Senator.

Before I turn to Senator Kohl, I want to recognize in the audience the Governor's wife, Sue Ann, and his daughter, Kelly, her husband, Chris, and the only grandchild, Sophie, I gather, is here with us today as well. If they would please stand up. [Applause.]

I am not through yet. There is daughter Tommy and a son Jason, and there is Ralph. We recognize all of you. Thank you. [Applause.]

I should point out that Sue Ann, in fact, headed up the Special Olympics in the State of Wisconsin, and Eunice Kennedy Shriver wanted to make sure that we recognized you for your contributions to that wonderful program. We thank you for your fine work over the years as well, and we welcome you to Washington.

Senator DODD. Herb, we are going to turn to you, and then Russ and then Donna, and then, Governor, we will hear from you, and then we will go to some questions.

Herb—and thank you for coming, by the way, both of our colleagues from Wisconsin.

**STATEMENT OF HON. HERBERT KOHL, A UNITED STATES
SENATOR FROM THE STATE OF WISCONSIN**

Senator KOHL. Mr. Chairman and members of this committee, thank you for allowing me to introduce Governor Thompson today. It is an honor to sit on this panel with my friends and neighbors, Senator Feingold and Secretary Shalala.

There is one issue of protocol which I would like to raise. Usually when this many Wisconsinites sit down at a table, someone for sure serves bratwurst and beer, or at least a glass of milk.

Governor Thompson is as much Wisconsin as bratwurst, beer, and milk. He is hardworking, he is results-driven; he has guided the State through a period of unprecedented prosperity and opportunity, good times that are felt by families of all income levels and by Wisconsinites of all ages and backgrounds.

As Secretary of Health and Human Services, Tommy Thompson will have responsibility for the health and well-being of millions of the most vulnerable Americans. I can assure you the Governor will approach this responsibility with innovative ideas, endless energy, and a willingness to work with anybody, Republican or Democrat, who shares his commitment to making Government programs work well.

The Governor's record is full of examples of how we push Government programs to their limit in order to get the most for the most Wisconsinites. One example comes to mind—the Governor's work on BadgerCare, Wisconsin's version of the State Children's Health Insurance Program, or SCHIP.

As you well know, Mr. Chairman, since you were a primary proponent of this legislation, SCHIP was set up to provide health insurance to low-income children who are not eligible for Medicaid. When Governor Thompson designed BadgerCare, it did not matter to him that the Federal enabling legislation only covered poor children. He wanted to cover their families also, arguing that this was a better way to bring more children into the system. And it did not matter to the Governor that covering families was originally a Democrat idea.

Governor Thompson knew what was best for Wisconsin children, and he pushed for Federal waivers to do it. And as Secretary

Shalala knows, he pushed and pushed and pushed. He finally got his BadgerCare waiver just yesterday. And even without that waiver in hand, he managed to build a health insurance program that today covers over 78,000 children and their family members in our State.

Governor Thompson has a record of pushing the envelope to do what is right for Wisconsin families. His accomplishments are not Republican wins or Democratic wins. They are just wins. I am confident that he will continue innovating and pushing, working across the aisle and working for all the people in his new job as Secretary of Health and Human Services.

I think he is to be commended for his willingness to give up the independence, the autonomy, and the immense happiness that he enjoyed as Governor of Wisconsin for the uncertainties of Washington. Governor, I am sure that, looking around the room today and becoming aware, as you are becoming aware, that you have 100 new bosses here and 435 in the House, plus what you will have to deal with in the administration, I am sure you are aware of the uncertainties of this job in terms of happiness. But you are going to get immense gratification, and the people of our country are going to be much better off having you here in this new job.

I commend you for taking the job. We are all honored to have you with us, and you can be sure that you will have our full commitment.

Thank you.

Senator DODD. Thank you, Senator Kohl, very, very much.

Governor, you should know that you have two very, very fine Senators in both Senator Kohl and Senator Feingold, whom we enjoy working with and who do a tremendous job in representing Wisconsin's interests here in the Senate. We thank you, Herb, immensely for your presence. We realize that schedules are crowded, and we will leave it up to our members, when you complete your statements, if you care to stay with us, we would enjoy having you; but if you have to move along, we understand that as well.

Senator DODD. Russ, thank you for being here.

STATEMENT OF HON. RUSSELL D. FEINGOLD, A UNITED STATES SENATOR FROM THE STATE OF WISCONSIN

Senator FEINGOLD. Thank you, Mr. Chairman.

I would like to open my statement by saying what a pleasure it is to introduce my friend and Governor, Tommy Thompson, for a second day in a row. I am delighted to see his family and all the friends from Wisconsin. We all know each other well. And I can tell you, Senator Dodd, there is nobody at this table who has any problem with that Department seat being in Wisconsin hands forever, but perhaps others would—

Senator DODD. We have to get those "cheese-heads" for you all the way around. [Laughter.]

Senator FEINGOLD. Tommy and I have known each other for a long time—18 years. We served together in the State legislature and have worked closely during his years as Governor and my time in the U.S. Senate. No matter what the issues, it is true that he has engaged in a creative and productive and bipartisan dialogue. The phrase that I have been using and others have used for Gov-

ernor Thompson is “a can-do approach,” coming from his Wisconsin origins. He likes to get things done. He is practical, and he is result-oriented.

During the past several months, both the Congress and the new administration have promised that we will address a number of difficult issues such as Social Security, Medicare, and long-term care reform. What is remarkable is that these are all within the jurisdiction of the agency that Tommy Thompson will head.

It will take an experienced and innovative person to work with Congress on behalf of the administration to address these important issues, and I believe that there is nobody better suited to lead President Bush’s administration in this area than Governor Thompson.

Why do we need his leadership? All we have to do is look at his track record. For 14 years, he has taken on the tough issues which have been mentioned—welfare reform, increasing access to home- and community-based services for the elderly and people with disabilities, and expanding access to health care for children and their families.

A number of us have mentioned the BadgerCare Program because it is just a great example of how he seizes the opportunity. He did not wait around. He made sure that Wisconsin was first, and the results involve providing health care coverage to more than 78,000 children and their families.

Governor Thompson has also promoted measures to help Wisconsin’s elderly and disabled maintain their independence by remaining in their own communities. I have just been delighted by the comments this morning by Senator Mikulski and Senator Bond and Senator Edwards about long-term care and about home health care. You have somebody here who really understands it, a State that is number one in terms of providing home- and community-based services, and Governor Thompson has put a great deal of effort and innovation into that.

Let me say to the two chairmen, Senator Kennedy and Senator Jeffords—Senator Kennedy is not here at the moment—that when it comes to understanding the need for people with disabilities to remain in their communities and to be able to enter the workforce without fear of losing key benefits, you have been the national leaders on this. Governor Thompson absolutely understands that, cares about it, and has innovated in this area.

So as I told him yesterday at the Finance Committee hearing, my door is always open to talk about any one of the many issues under his supervision. I am sure that by the end of this confirmation process, every member will feel the same way that we all do in Wisconsin—that Tommy will be an asset to the new administration and someone we can rely on to actually seriously address the tough issues by bringing his innovative attitude to Washington.

Thank you, Mr. Chairman.

Senator DODD. Thank you very much, Senator Feingold.

Senator DODD. Donna Shalala, we welcome you to the committee again. You have heard all these wonderful, justified comments about your tenure and your service, and we are deeply grateful to you for your work. We would be remiss if we did not also recognize that you have a wonderful staff and people who have done a great

job. I particularly want to mention Rich Tarplin, who worked for me for a number of years before going to work for you, and others who did a wonderful job up here.

So we thank you for being here this morning. I will ask you to make some opening comments, and then we will get underway.

**STATEMENT OF HON. DONNA SHALALA, SECRETARY, U.S.
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Secretary SHALALA. Thank you, Mr. Chairman.

Thank you to all of you for your kind words, but I am here today to introduce my very good friend, Governor Tommy Thompson of Wisconsin.

As already noted, he is a consensus-builder. He is not an ideologue. He will work very well with this committee. He has been a creative and thoughtful advocate for welfare reform.

But this I want to say about his welfare reform: More than any other Governor in this country, he understands and has explained to all of us that you need to put resources up front to help people not simply move from welfare to work, but to stay in those jobs. His willingness to spend child care money and health care money on the front end to make sure that people could move from welfare to work but also stay in their jobs has been an important contribution to our efforts to make welfare reform successful.

He is also a strong supporter of science and great research universities and the research infrastructure in this country. His ability to find a way to leverage State dollars with private dollars to rebuild the science facilities at the University of Wisconsin at Madison initially when I was the chancellor has shown the way for those who wish to get more research dollars that the infrastructure of the university and of the academic health centers first has to be built by the States themselves or by the private universities, and then they will be able to properly compete for the dollars that are now being provided in record numbers at the National Institutes of Health and at the other great scientific institutions of this Government.

The Governor understood that. He made those substantial commitments as well as commitments to salaries and to the other kinds of supports that the research universities in his State needed.

Governor Thompson will not spend one dollar more than necessary for quality health services, and one of the things I admired about him was that he was very tough on the institutions in his State. I used to describe him affectionately as "a world-class penny pincher," but what I loved about him was that he made absolutely sure that when taxpayer dollars were expended, they bought quality and were not wasted. That is extremely important in the job he is about to assume.

He believes in community-based services—as already noted, Wisconsin is a leader in those services—and making sure that the disabled and the elderly have some choices between staying in their own homes. The current legislation is tilted toward institutionalized care. What Tommy Thompson has done in Wisconsin is to tilt it back so that people have choices using the waiver process. I hope that in the years ahead, he will be able to convince Congress that

changes in legislation so that people actually can have choices between staying in their own homes, staying in smaller community-based services, as opposed to simply going only to large long-term care facilities.

Finally, I think it is important to note that the Governor understands small towns and rural areas. He comes from one, and he has a very good feel for the different quality of services and investments that are needed in rural America in small towns as well as in big cities. And his background in Wisconsin will serve him well in this job.

I have to note that we have had some differences of opinion on a woman's right to choose, on some aspects of devolution. But I will always admire his leadership and value his friendship, and, therefore, I am very pleased to introduce him to this committee.

Thank you very much.

Senator DODD. Thank you very much, Donna.

Before we turn to the Governor, we have been joined by another new member of the committee.

Mrs. Clinton, we welcome you to the Health, Education, Labor, and Pensions Committee, as we have welcomed all the other new members. If you would care to take a couple of minutes and make some introductory remarks, we would be more than happy to receive them.

OPENING STATEMENT OF SENATOR CLINTON

Senator CLINTON. Thank you very much. I apologize for being late. I am learning how you have to run from committee to committee to try to get everything done.

I join with all of you in welcoming Governor Thompson and his wife, Sue, and his family, whom we have known for a number of years because he has been Governor for so long that he actually overlapped with my husband's tenure. So we have had an opportunity to get to know him, and I am delighted to see him here.

I am also honored to be the first Senator from New York in 15 years to serve on this important committee, and I am so looking forward to that.

Many of the issues that we will be working with Governor Thompson on in the weeks and months ahead have already been mentioned, but I wanted to just quickly highlight a few.

The welfare reform bill that was passed that Governor Thompson has been implementing in Wisconsin will be coming up for review in the next few years. I think it is particularly appropriate that Governor Thompson would be before us for this confirmation process at a time when we are going to need a lot of good information and the results of the efforts in the States to determine how best to continue and extend the success of welfare reform.

Certainly New York City, which has the second largest number of individuals on welfare in the Nation, relies on Federal TANF funds for the critical kinds of services that people need to be self-sufficient, and we will look forward to working with him on that.

Similarly, the LIHEAP program that I know has also been referred to is even more important today because of escalating heating costs.

I am particularly interested in hoping that we can build on the success of the CHIP program in expanding and extending health care to children and to the families of those children, the working families whose health needs are still largely unmet, and find some creative ways to expand and extend health care to low-income families as well as continue to build on the success of the 3.3 million children who are now covered by CHIP.

Certainly the long-term care issues are ones that we could look to Wisconsin for some advice on, as both Senators Feingold and Kohl referred to, but we also need to be sure that we keep up a vigilance on the quality of life in our nursing homes and what happens with our increasingly elderly and fragile population as people live longer. It is one of those high-class problems that we refer to.

And I hope that we will look carefully at expanding the family caregivers program, and perhaps find support for a long-term care tax credit that will alleviate the financial burden of providing long-term care.

And, Governor Thompson, I respect our differences on the issue of choice, but I hope to have you respond to some concerns that have been raised about how we ensure that low-income women have access to a full range of family planning services, including RU-486, contraception, and other necessary reproductive health services.

Finally, I look forward to working with you to pass a strong, enforceable patients' bill of rights and a voluntary Medicare prescription drug benefit. I am delighted that you bring your 14 years of experience as Governor and your previous experience in public service to this position. I understand that we have already agreed that it is a Wisconsin position that will always stay in the State. But certainly Donna Shalala, who not only did an excellent job but demonstrated extraordinary perseverance, has left HHS in very good shape, and I know that you will continue that kind of commitment.

Senator DODD. Thank you, Senator.

I would just point out, I recall that Jacob Javits was a member of this committee, and he wrote the ERISA legislation. He was the only person who understood it when he wrote it, and no one has understood it since. [Laughter.] So we welcome you to the committee if you will accept the mantle of taking on that responsibility. It is a piece of legislation that has hung out there for years.

Senator CLINTON. I have always wanted to do that.

Senator DODD. That is why we wanted you on the committee.

Senator CLINTON. Thank you.

Senator DODD. Governor, we welcome you. What we are going to do is ask you to make your opening statement, and then we are going to give 10-minute rounds to the members who are here. We will leave the record open two weeks for any written questions if members who are not able to stay want to submit some questions that you might get back to us on as soon as you could. But I would ask members to submit them as soon as they could so that we could move the process along before you are voted on by the full Senate, which I presume will occur pretty quickly.

So, Governor, we welcome you, and we are delighted that you are here. It took a little time, but you got a chance to hear about the

issues we care about up here, and I hope it has been valuable for you to hear members express their interests.

STATEMENT OF HON. TOMMY G. THOMPSON, NOMINATED TO BE SECRETARY, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Governor THOMPSON. It certainly has, Mr. Chairman, and I thank you so very much for your courtesy and your wonderful words of greeting. I appreciate that very, very much, all of you, and I thank you so very much.

Mr. Chairman and members of the committee, I am very humbled and very honored to be sitting before you here today. I thank you for your consideration of my nomination to be President-elect Bush's Secretary of the Department of Health and Human Services.

I especially want to thank my friends, Senators Herb Kohl and Russ Feingold, two very well-respected Members of this Senate, as well as two wonderful citizens back in Wisconsin, and to thank Secretary Shalala for her friendship and also to announce that 8 years ago I had the privilege to introduce her to this committee. She has now turned around and introduced me. It is truly a Wisconsin seat. I thank her for doing an outstanding job. I gave her a little bit of advice before she left, and I said that I like her very much and that her friendship is very dear to me. I only asked her that if she did not want to lose that friendship not to hire away our football coach to Miami. [Laughter.]

To my friends and colleagues and the members of the committee who have extended their support and their very kind words, please accept my heartfelt thanks for your kind introductions and remarks.

Senator Mikulski, I would like to point out that I have just been handed a note that all political appointees and heads of agencies were asked to submit their resignations last night. As I understand, that is not unusual in the Federal system, but I will tell you that I will review her, the one that you brought up at Food and Drug, and I can assure you that those appointments will be based upon merit, and I will come back and would like to consult you very much with the decision.

For those here who may not know much about me, let me give you some insight by saying this. Welfare reform, health care reform, long-term care for seniors, greater opportunities for the disabled, helping the poor find work, and helping the working poor find reward in their efforts, scientific research—I am passionate about these issues, and we have worked very hard on them in my home State of Wisconsin.

These are issues that I have dedicated 35 years of public service to solving, the last 14 as Governor of my great State of Wisconsin. And should I be so lucky to be confirmed by all of you, I will continue to dedicate myself to working with you and the President-elect to address these challenges.

If we have learned anything in the past year, it is that our citizens are clamoring for action to deal with some of the most critical issues affecting the day-to-day lives of our citizens—modernizing Medicare, providing access to a prescription drug benefit, improv-

ing access to quality health care for all Americans, and taking welfare reform to its next level. These are not partisan issues. These are issues that are fundamental to the health and well-being of our country and, more important, to the people that all of us serve.

These are not easy tasks. But solving tough issues is why all of us got into this business.

Like the President-elect, I have spent my career bringing people together, plotting a course of action, and moving forward. In fact, the motto of Wisconsin is "Forward!" Now, I hope to bring that spirit with me to Washington. I hope that we can sit down, work together regardless of party, and move this great Nation forward.

The Department of Health and Human Services, as all of you know, has enormous responsibilities. Its programs can touch every life in this country from birth through the golden years. HHS runs over 300 programs that include providing health care to our seniors, nutrition services for women and children, and ground-breaking research conducted by the National Institutes of Health. The Department is entrusted with the second largest budget in the Federal Government.

I know that this committee understands this extremely well. The legislation affecting HHS that has come out of this committee has transformed the social contract in this country. The Health Insurance Portability and Accountability Act and the Americans with Disabilities Act were forged in this very room and were ultimately passed with overwhelming bipartisan support.

If I am fortunate enough to be confirmed by this body, I recognize that we have got a lot of work ahead of us. And I will be knocking on each and every one of your doors for your ideas and, yes, your assistance. Let me touch briefly on some of the most pressing issues that all of us face from my perspective.

Medicare. Medicare has been firmly and permanently stitched into the fabric of American society. It is a vital component of our social contract with America's senior citizens. Our charge is to ensure its continued vitality and viability.

The first principle that we must all agree upon is that today's seniors must be guaranteed the level of care and benefits they currently enjoy. But we must not stop there. Medicare is failing to meet the needs of our seniors and is not allowing them to reap the benefits of the tremendous advances in medicine and technology that we are all witnessing today.

We must face reality, and we must be pragmatic. Any organization that does business the same way it did 35 years ago is obsolete. As the baby-boom generation approaches retirement, even greater demands will be placed on Medicare.

I know that Congress has taken Medicare reform very seriously in recent years. Both sides of the aisle have devoted a great deal of time and energy to studying the challenges faced by the Medicare program. The National Bipartisan Commission on the Future of Medicare I believe made significant progress in addressing this issue. That to me is a very good place to start. You have laid the groundwork. Now it is time for us to take the next bold step and to begin the process of modernizing Medicare and putting it on a firm financial footing.

Prescription drugs. An integral part of a modernizing Medicare will be to provide all seniors with access to prescription drugs. The great advances our Nation is making in science and medicine has provided an array of life-saving drugs. But the costs of these drugs are beyond the reach of too many of our citizens, particularly seniors who need these drugs the most. While comprehensive reform may take some time to achieve, the American people are demanding a prescription drug benefit as soon as possible. We must move, and we must move quickly, to help millions of low-income senior citizens who cannot afford the life-preserving prescription drugs that they so desperately need.

President-elect Bush has made prescription drugs a top priority in his campaign, and it will be a top priority in this administration. I know this is a top priority for members of this committee, so I am eager for the opportunity to work with each of you in solving this problem quickly and effectively.

As we found in Wisconsin, access to quality health care is so important. Lack of access to affordable health care is truly one of our most serious problems, especially for the working poor. Although personal health care expenditures now exceed \$1.3 trillion, or 13 percent of our gross national product, more than 42 million Americans are still uninsured. That to me is unacceptable.

When I was in the State legislature, I started thinking about the role that Government should play to help those folks out there working hard supporting their families and just could not afford health insurance.

As Governor, I worked closely with the legislature on a bipartisan basis to develop a new approach to solving this problem. The result is BadgerCare, as you heard about this morning. It is a wonderful program that provides health care for low-income working families who make too much money to qualify for Medicaid but just cannot afford health insurance on their own. Now, over 80,000 people have been enrolled in the last 16 months, and it has helped us maintain our status as one of the best States in the Nation providing health coverage for its citizens, as 94 percent of our Wisconsinites currently have health insurance. The success of this program is one of my proudest achievements as Governor.

Is BadgerCare the answer for everyone? I would like to think so. But the truth is there is no cure-all for all and every issue that Government faces. But it underscores the potential for a bold, new partnership between the Federal and State Governments and the tremendous good that can come from better teamwork between these two levels of Government.

We must encourage innovation and reward success, but we must also recognize that the needs of Madison are fundamentally different from the needs of Boston. But do not get me wrong—I am not saying that the Federal Government should step aside and cede authority and power over these programs to the States. It should not. The Federal Government plays a very vital and important role in overseeing Federal programs and the use of Federal taxpayer dollars.

But the Federal Government does not need to be heavy-handed or locked into a one-size-fits-all solution. The Federal Government should give States the flexibility to be able to develop programs

that meet these high standards it sets in a manner that is efficient and cost-effective, and the Federal Government should hold States accountable in exchange for greater flexibility and should step in when States do not measure up to these expectations.

Giving States greater flexibility under the State Children's Health Insurance Program, S-CHIP, is part of, I believe, a very good solution. This philosophy is one that I have advocated for years, as many of you know, but it is one that forges a stronger partnership between the State and Federal Government for solving tough societal problems more effectively.

We must also preserve the private health insurance market, and we must work with States to put health insurance within reach of working families through a series of common sense measures in order to increase the affordability and, yes, the availability of health insurance.

President-Elect Bush made this a cornerstone of his campaign, proposing measures that will allow small employers to band together to join in providing tax credits to low-income families to assist them in purchasing private health coverage.

Furthermore, it is critical we do not ignore those who are most vulnerable and without access to care. The medically-underserved who live in our inner cities but, yes, also in our rural communities often lack access to basic primary care. We must strengthen our health care safety net by supporting our community health centers and forging public-private partnerships to assist our hospitals and providers who serve those communities.

On work force development, another task that we will face, should I be confirmed, is the reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. People refer to this as welfare reform. But we did not reform the old welfare system; we replaced it with something entirely new. The changes to the welfare system that began in Wisconsin and spread throughout the country have resulted in the single most effective jobs program that we have ever seen.

I do not have a welfare department in Wisconsin; I have a Department of Work Force Development. Before we embarked on changing welfare in Wisconsin, I had a luncheon at the Governor's residence with the very people whom the programs were intended to serve—mothers who were on welfare. I asked them what are the major barriers to leaving welfare, and we set out to design the program around their major needs.

Our program, called Wisconsin Works, or W2, provides the support necessary for individuals to enter the work force. For those who still need assistance, we provide financial employment planners, transportation assistance, job access loans, child care assistance and, yes, access to health care. I have always said as loudly and publicly as I can that for welfare reform to be successful, you have to make the investments up front. It cannot be done on the cheap.

The savings to taxpayers, and they are substantial savings, come on the back end as public caseloads decline and people are employed and pay taxes. Perhaps nowhere has the public payoff for a taxpayer investment been more evident than the fundamental changes we have made to the welfare system in this country. As

an example of this success, I would like to share a portion of a moving letter that I recently received from a woman whom I first met at a luncheon at my residence, Leilani Duarte. She wrote: "W2 has enabled people to better their lives and to support their families. Thank you, Governor Thompson, for the creation of the W2 program, and thank you for believing in me."

That, to me, is the most important action that we have taken to date—believing that those we are serving can actually succeed. But now it is time to consider the next steps in this process—and yes, Senator Wellstone, it is not a perfect program, but with your help, we can work to make it even better.

We must face head-on the huge challenges faced by those who receive direct benefits. As you know, these are often the people with significant health problems, mental problems, drug addiction or substance abuse. We also have a duty to help those families who have successfully moved into the work force so that they will be able to continue to move up the ladder of economic success.

Another important step is to sound the call to recruit what President-elect Bush has called "the armies of compassion." Faith-based communities are closest sometimes to those who have the most need of Government service. Serving these communities is a responsibility that can and should be shared to reach the greatest number of people in the most compassionate and effective way.

Many of these efforts are not just about offering a program or a service but about transforming lives. One lesson we have learned in Wisconsin from the changes to the welfare system is that Government alone cannot help families succeed. It takes the concentrated effort of Government at all levels, employers, educators, family and friends, churches and the community, and, yes, public health and science. Today, medical science stands at the threshold of research advances not even considered just a few years ago. Government continues to play a critical role in supporting basic research in science to unlock the mysteries of the human body, and each day brings us ever closer to the scientific breakthroughs that are the keys to preventing and treating a host of diseases affecting patients and their families, including cancer, AIDS, Parkinson's disease and mental illness.

To fuel this research, President-elect Bush has dedicated and pledged to complete the goal of doubling the budget of the National Institutes of Health by 2003, and I am an avid supporter of that proposition. The investment we make in basic and clinical research is absolutely a commitment we must fulfill to improve the lives of all Americans.

It is inspiring for me to see a leader in President-elect Bush who is not afraid to call all of us to action on a bipartisan basis as we address these difficult problems, a leader who recognizes that Government alone cannot reduce poverty or solve societal ills. It takes all of us—Republicans, Democrats and Independents, working together as partners, including the faith community.

If you should see fit to approve my nomination, it will be an honor to serve this President and to work with each of you, an honor to serve with you as we aggressively seek to make the lives of millions of Americans better and to be able to restore the hope, the optimism and the opportunity for those who have been left be-

hind in this great country. As I have always said, a person of compassion is one of action, not words. Compassion means being bold and caring enough to act, to lead, to solve societal problems.

Therefore, I respectfully seek your confirmation of my nomination so that I can work with you and begin working with President-elect Bush as you and I and the President tackle problems facing the citizens of America.

This is going to be a time of action in America, and I personally would be proud to be a part of it.

Thank you very much.

[The prepared statement of Governor Thompson follows:]

PREPARED STATEMENT OF SECRETARY DESIGNATE TOMMY G. THOMPSON

Mr. Chairman and members of the Committee, I am humbled and honored to be sitting before you today. I thank you for your consideration of my nomination to be President-elect Bush's Secretary of the Department of Health and Human Services.

To my friends and colleagues and the members of this committee who have extended their support and very kind words, please accept my heartfelt thanks for your kind introductions and remarks.

For those here who may not know much about me, let me give you some insight by saying this: Welfare reform. Health care reform. Long-term-care for seniors. Greater opportunities for the disabled. Helping the poor find work and helping the working poor find reward in their efforts. Biotechnology and scientific research. I am passionate about these issues. And we have worked hard on them.

These are issues I have dedicated 35 years of public service to solving, the last 14 as governor of my great state of Wisconsin. And, should I be confirmed, I will continue to dedicate myself to working with you and the President-elect to address these challenges.

If we have learned anything in the past year, it is that our citizens are clamoring for action to deal with some of the most critical issues affecting their day-to-day lives. Modernizing Medicare, providing access to a prescription drug benefit, improving access to quality healthcare for all Americans, taking welfare reform to its next level—these are not partisan issues. These are issues that are fundamental to the health and well being of our country, and more importantly, to the people we serve.

These are not easy tasks. But solving tough issues is why I got into this business. I know it's why President-elect Bush sought his job. And I am sure it's why each and every one of you is sitting here today.

Like the President-elect, I have spent my career bringing people together, plotting a course of action, and moving forward. In fact, the motto of Wisconsin is Forward! And I believe that is the direction I have taken my great state. Now, I hope to bring that spirit with me to Washington. I hope that we can sit down, work together regardless of party, and move this great nation forward.

The Department of Health and Human Services has enormous responsibilities. Its programs can touch every life in this country from birth through the golden years. HHS runs over 300 programs that include providing health care to our seniors, nutrition services for women and children, and groundbreaking research conducted by the National Institutes of Health. The Department is entrusted with the second largest budget in the Federal Government.

I know that this committee understands that well. The legislation affecting HHS that has come out of this committee has transformed the social contract in this country. The "Health Insurance Portability and Accountability Act" and the "Americans with Disabilities Act" were forged in this very room, and were ultimately passed with overwhelming bipartisan support.

But I'll tell you right now, if I am fortunate enough to be confirmed by this body, we've got a lot of work ahead of us, and I will be knocking on each and every one of your doors for your ideas and assistance. Let me touch briefly on some of the most pressing issues we face.

Medicare

Medicare has been firmly and permanently stitched into the fabric of American society. It is a vital component of our social contract with America's senior citizens. Our charge is to ensure its continued vitality and viability.

The first principle that we must all agree upon is that today's seniors be guaranteed the level of care and benefits they currently enjoy. But we must not stop there. Medicare is failing to meet the needs of our seniors and is not allowing them to reap

the benefits of the tremendous advances in medicine and technology we are witnessing today.

We must face reality and be pragmatic. Any organization that does business the same way it did 35 years ago is obsolete. As the baby boom generation approaches retirement, even greater demands will be placed on Medicare. And I do not mean just financial demands. We see it across every agency we now live in a world of up-to-the-minute information and round-the-clock service in the private sector. We should accept no less from our government.

But our commitment to Medicare must extend to future beneficiaries as well as those who rely upon it today. While the Trust Fund will remain solvent until 2025, what happens after that? To wait for a crisis simply makes the task more difficult and is unfair to our children and grandchildren.

I know that Congress has taken Medicare reform very seriously in recent years. Both sides of the aisle have devoted a great deal of time and energy to studying the challenges faced by the Medicare program. The National Bipartisan Commission on the Future of Medicare made significant progress in addressing this issue. That is a good place for us to start. You have laid the groundwork. Now it's time for us to take the next bold step and begin the process of modernizing Medicare and putting it on firm financial footing.

Prescription Drugs

An integral part of a modernized Medicare will be to provide all seniors with access to prescription drugs. The great advances our nation is making in science and medicine is producing an array of life-saving drugs. But the costs of these drugs are beyond the reach of too many of our citizens, particularly seniors who need these drugs most. While comprehensive reform may take some time to achieve, the American people are demanding a prescription drug benefit today. We must move immediately to help millions of low-income senior citizens who cannot afford the life preserving prescription drugs they so desperately need.

When Medicare was created in 1965, health care was focused on hospital stays and physician visits. The world simply did not have or even envision the drugs that are now substitutes for surgery. Access to these drugs can save and improve the quality of countless lives. President-elect Bush made this a top priority in his campaign and it will be a top priority in his Administration. I know this is a top priority for members of this committee as well, so I am eager for the opportunity to work with you in solving this problem quickly and effectively.

Access to Quality Healthcare

As we found in Wisconsin, lack of access to affordable health care is a serious problem, especially for the working poor. Although personal health care expenditures now exceed \$1.3 trillion or 13 percent of our gross domestic product, more than 42 million Americans are still uninsured. That is unacceptable.

As far back as when I was in the state legislature, I started thinking about the role government should play to help those folks out there working hard for minimum wage, supporting their families, and who just couldn't afford health insurance. When I was elected Governor, I worked closely with the legislature to develop a new approach to solving this problem. The result is BadgerCare, a program that provides health care for low-income working families who make too much money to qualify for Medicaid, but can't afford insurance on their own. Over 77,000 people were enrolled in this program by the end of 2000. And it has helped us maintain our status as one of the best states in the nation providing health coverage for its citizens, as 94% of Wisconsinites currently have health insurance. The success of this program is one my proudest achievements as governor.

Now, is BadgerCare the answer for everyone? I would like to think so, but the truth is, there is no cure-all for every issue that government faces. But it underscores the potential for a bold new partnership between the Federal Government and State governments, and the tremendous good that can come from better teamwork between the two governments. What we need to do is allow states to take the lead and develop exciting, innovative programs that work for their citizens, and hold them accountable for the results. We must encourage innovation and reward success, but we must also recognize that the needs of Madison are fundamentally different than the needs of Los Angeles. Throwing up roadblocks and stifling creativity will only hurt the people we most want to help.

Now don't get me wrong. I'm not saying the Federal Government should just step aside and cede all authority and power over these programs to the States. It shouldn't. The Federal Government plays an important role in overseeing Federal programs and the use of Federal taxpayer dollars. But the Federal Government does not need to be heavy-handed or locked into a one-size-fits-all solution. The Federal Government can be more trusting of States and more open and willing to work with them in solving problems.

The Federal Government should give States the flexibility to develop programs that meet those high standards in a manner that is efficient and cost-effective. And the Federal Government should hold States accountable in exchange for greater flexibility, and step in when States aren't measuring up to expectations. Giving States greater flexibility under the State Children's Health Insurance Program (SCHIP) is part of this solution.

This philosophy is one I have advocated for years, as many of you know. But it is one that forges a stronger partnership between the State and Federal Government for solving tough societal problems more effectively. Building these partnerships can help us achieve success in reforming our welfare and Medicaid systems.

We must also preserve the private health insurance market and work with States to put health insurance within reach of working families through a series of common sense measures to increase the affordability and the availability of insurance. President-elect Bush made this a cornerstone of his campaign, proposing measures that will allow small employers to band together to enjoy the same economies of scale that larger employers enjoy and providing tax credits to low-income families to assist them in purchasing private health coverage. Furthermore, it is critical we do not ignore those who are most vulnerable and without access to care. The medically underserved who live in our inner cities and rural communities often lack access to basic primary care. We must strengthen our health care safety net by supporting our community health centers and forging public-private partnerships to assist our hospitals and providers who serve these communities.

Workforce Development

Another task we will face, should I be confirmed, is the reauthorization of the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996." People refer to this as welfare reform, but we didn't reform the old welfare system. We replaced it with something entirely new.

The changes to the welfare system that I began in Wisconsin and that has spread throughout the country, has been the single most effective job program we have ever seen. I don't have a Welfare Department in Wisconsin. I have a Department of Workforce Development.

Before we embarked on changing welfare in Wisconsin, I had a luncheon at the Governor's Residence with the very people whom the programs were intended to serve—mothers who were on welfare.

I asked them what the major barriers to leaving welfare were and we set out to design the program around their major needs. Our program, called Wisconsin Works or W-2, provides the support necessary for individuals to enter the workforce. For those who still need assistance, we provide financial and employment planners, transportation assistance, job access loans, childcare assistance, and access to health care.

I have always said—as loudly and publicly as I can—that for welfare reform to be successful, you have to make an investment up front. It can't be done on the cheap. The savings to taxpayers—and they are substantial savings - come on the backend as public caseloads decline. Perhaps nowhere has the public payoff for a taxpayer investment been more evident than in the fundamental changes we have made to the welfare system in this country.

As an example of the success, I'd like to share a portion of the most moving letter I have received congratulating me on my nomination. It came from a woman I first met at a luncheon at the residence. Leilani Duarte wrote, W-2 "has enabled people to better their lives and to support their families . . . Thank you Governor Thompson for the creation of the W-2 program and believing in me." That is the most important action we have taken to date—believing that those we are serving can succeed.

But now it's time to consider the next steps in this process. We must face head on the huge challenges faced by those still receiving direct benefits. As you know, these are often the people with significant health problems or people struggling with substance abuse. We must make a concerted effort to reach these people and provide compassionate, caring assistance.

And we also have a duty to those families who have successfully moved into the workforce. We must do everything in our power to help them continue to move up the ladder of economic success.

Another important step is to sound the call to recruit what President-elect Bush has called the "armies of compassion." Faith-based communities are closest to those who have the most need of government services. Serving these communities is a responsibility that can and should be shared to reach the greatest number of people in the most compassionate and effective way. Many of these efforts are not just about offering a program or service but about transforming lives.

One lesson we have learned in Wisconsin from the changes to the welfare system is that government alone can't help families succeed. It takes the concentrated effort of government, employers, educators, family and friends, churches and the community.

Public Health and Science

The Federal Government has always played a central role in protecting the health of the nation. The roots of the Public Health Service can be traced back to 1798 when steps were taken to stop the spread of disease from seaport to seaport. As America faced different public health crises throughout its history, new agencies with new missions were created to protect the public and prevent the spread of disease.

Medical science stands at the threshold of research advances not even imagined just a decade ago. Government has played a critical role in supporting basic research and science to unlock the mysteries of the human body.

We are in a new age of discovery. What is inside of us is as wondrous and awesome as the universe. Each day brings us ever closer to the scientific breakthroughs that are the keys to preventing and treating a host of diseases affecting patients and their families including, cancer, AIDS, Parkinson's disease, and mental illness. To fuel this research, President-elect Bush has pledged to complete the goal of doubling the budget of the National Institutes of Health by 2003. The investment we make in basic and clinical research is a commitment we must fulfill to improve the lives of all Americans.

We also must strive to bring greater focus and resources to reduce the health disparities that persist in this country for minority and underserved communities. Great disparities continue to exist in health outcomes and life expectancy for too many in this country. We must continue making strides in the fight to improve women's health by pursuing comprehensive strategies that foster research, education, and access to care for women and their children. Cardiovascular disease and breast cancer remain as leading causes of death among women in this country. Osteoporosis is a major public health threat for more than 28 million Americans, 80 percent of whom are women. Rates of childhood asthma, obesity, and diabetes have risen alarmingly. All too often, these disparities can be dramatically reduced through targeted research, education, and prevention efforts. I will work to reduce these disparities in my tenure at the Department of Health and Human Services and to implement the laws passed by Congress this past year to improve women's health, foster minority health research, and support children's health research and prevention programs.

Improving the Quality of Health Care

Improving the health of Americans also means protecting their rights to quality health care. Often we find that progress comes with a price. As health care has become more advanced and complex, it brings concerns about rising costs, availability of medical care, reducing medical errors, and protecting the privacy of patient medical information. We have placed competing demands on patients, providers, and payers. Managing care brings benefits to individuals and the system as a whole. But patients deserve to have rights in the health care system and to know they will receive high quality care that is available to them when they need it most.

In our States, President-elect Bush and I have both acted to support patients' rights to the treatment they need and to allow medical decisions to be made by patients and their doctors. We must be careful not to override the good work of States like Texas and Wisconsin. If confirmed, I will work with President-elect Bush to bring our experience to help forge a bipartisan agreement on managed care legislation that ensures patients receive medically necessary treatment and allows them to hold health plans accountable when they are denied medical care. Patients should be assured of a meaningful and appropriate remedy when they are wrongly denied care. We must also be mindful not to drive up health care costs by the pursuit of unnecessary lawsuits, particularly against employers who voluntarily offer health coverage to millions of Americans. I look forward to working with the members of this committee and the President-elect on reaching an agreement on this legislation this year.

Reforming the Department

We have much work to do on programs that currently exist. But in addition to the programs, the Department itself must be reformed to address the needs of its clients in the 21st Century.

As many of you know, I have spent much of my career fighting the bureaucracy in Washington. Wisconsin has sought more waivers from Federal programs than any other State. Now, it's time for me to put up.

If I am confirmed, I will make sure the Department always places the highest priority on serving its many constituents—families, children, seniors, patients, the dis-

abled, providers, and states. I will work to streamline the maze of rules and regulations that these constituencies face when seeking assistance from their Federal Government.

In all my years as Governor, I have never stopped asking if we are doing things the best way. And, if confirmed, I won't stop now. The retort: "Because that's the way it's always been done" is not acceptable to me.

One clear example is the Health Care Financing Administration. HCFA's role has been continually expanded over the last several years, charged with administering increasingly complex programs. HCFA faces tremendous demands and challenges as an agency, administering a budget estimated to reach \$340 billion in FY 2001 to provide health care for more than 70 million Americans.

But patients and providers alike are fed up with excessive and complex paperwork. Rules are constantly changing. Complexity is overloading the system, criminalizing honest mistakes and driving doctors, nurses, and other health care professionals out of the program. HCFA needs a thorough examination of its mission, the competing demands, and the available resources. HCFA is called upon time and again to face new challenges. We need to assure that as an organization, it has the tools it needs to succeed.

Conclusion

It is inspiring to see a leader in President-elect Bush who isn't afraid to call all of us to action on a bipartisan basis as we address these difficult problems. A leader who recognizes that government alone can't reduce poverty or solve societal ills. It takes all of us working together as partners, including the faith community.

If you should see fit to approve my nomination, it will be an honor to serve the president and work with you as we aggressively seek to make the lives of millions of Americans better, and restore hope and opportunity for those who have been left behind in this great country.

As I've always said: a person of compassion is one of action, not words. Compassion means being bold and caring enough to act to solve societal problems. Therefore, I respectfully seek your confirmation of my nomination so I can begin working with President-elect Bush and you to tackle problems facing the citizens of America. This is going to be a time of action in America, and I would be proud to be a part of it.

The CHAIRMAN. Thank you very much, Governor.

We will now come to the question period, and we will try to follow a 7-minute rule and see if we can get through this first round. We will do it before breaking for lunch.

I know there are a number of different areas that all of us will want to go through, so I hope that we can have full answers, but short answers as well, Governor. I know that you prefer, in any event, to direct, so we are very grateful to you.

First of all, as Senator Frist mentioned earlier, one of the very important priorities that remains for this Congress is a patient's bill of rights. We have talked in our earlier meetings about the importance of this legislation, and I understand that you want to be a part of trying to find some common ground and getting early action on legislation which will, by its nature and necessity, be bipartisan.

Will you work closely with us and other interested Senators on this issue?

Governor THOMPSON. Absolutely, Senator. I was absolutely moved when I came in to see you and all the Senators whom I have had the privilege to meet with personally in their offices about the attitude of bipartisanship and the need to move forward.

The patients' bill of rights, as you know, came close to passing last year. As you know, Governor Bush had a patients' bill of rights that passed in Texas. We have one in Wisconsin. I am very much in favor of it and would love to be able to work with you to accomplish it.

The CHAIRMAN. Well, we are very hopeful that we will be able to achieve it.

We do not have to go over the testimony. Maybe there are members who will want to in regard to prescription drug legislation. I think I can say that there is probably more support perhaps in this committee to take action on that in a timely way rather than waiting for complete Medicare reform, but other Senators will speak. That is certainly my position. We know that you are committed to the President-elect's position on that issue, but we want you to know that there are other ideas, suggestions, that a number of the members have had.

We are strongly committed to trying to develop an effective program in that area. There is an enormous need, as I am sure you understand in your own State, for this program. A number of States have taken some action. We have done so in Massachusetts, but it is really time to do more. I fear for the well-being of the people in our State. An annual appropriation, if that ever got held up or we ran into economic difficulties, is an inadequate answer.

So I gather that you are very willing to work with us, the Finance Committee, and other Senate groups on a proposal to try to develop an effective program on prescription drugs.

Governor THOMPSON. Absolutely, Senator; the sooner the better.

The CHAIRMAN. I want to commend one of your programs. There are a number that I have been enormously interested in, but this one is your BadgerCare Program, which is very similar to the Children's Health Insurance Program in terms of trying to effectively get coverage for the uninsured, and I think it is, in many respects, a real national model.

Could you comment just briefly about the advantages of that type of program? All of us understand, particularly those of us who are very much involved in CHIP, that we were not going to have a one-size-fits-all program, but that we were going to provide guidelines and minimum standards that were going to be available as protections for children. That program has moved now to cover more than 3 million children. I think we can probably get it up to 5 million in the next year.

Do you see CHIP and BadgerCare as addressing at least part of the problem of the uninsured? And how do you see that as being perhaps some kind of insight as to what we might do nationally in terms of expanding coverage in health insurance?

Governor THOMPSON. Well, Senator Kennedy, it has probably been one of the most successful programs that I have started in Wisconsin and the one that I am proudest of. It allows for the working poor to be able to buy into our very successful Medicaid program. It covers children. We have been able to use this program, and it has received great support on a bipartisan basis.

I do not want to be so arrogant or egotistical to think that Wisconsin is the only one with an idea in this regard, and that is why I indicated that there should not be one size fits all, and I am hoping that other States would have other programs, but BadgerCare could be used as a national model, and it could be very effective, I am fairly confident.

The CHAIRMAN. Well, I think there are many things in there that have general application and could be fashioned and shaped in

terms of perhaps meeting particular States' needs. We are very grateful—

Governor THOMPSON. If I could just add one quick thing, Senator Kennedy.

The CHAIRMAN. Yes.

Governor THOMPSON. We found that one failing in the S-CHIP Program was that when it was just for children, some of the families did not sign up. Now, by expanding it under the BadgerCare Program, families are quick to sign themselves and their children up, and you really accomplish the objective that I believe Congress really wanted to accomplish. That is the real beauty of the program.

The CHAIRMAN. I think that that is enormously important. I think that many of us, myself included, thought that with limited resources, if a family were to sign up anyone, they would sign up their children. But what we have found, just as you have, is that they are much more likely to enroll the whole family rather than just the child.

Governor THOMPSON. That is true.

The CHAIRMAN. This is something that we ought to build on.

I am moving quickly, because time is moving on. I am grateful for your strong support for our Jeffords-Kennedy bill on the Work Incentives legislation with regard to getting the disabled back into the work force. We have some small follow-on legislation, which Senator Grassley and I had introduced last year and will introduce again this year—the Grassley-Kennedy Opportunities Act—that provides that parents of the children with disabilities will not have to choose between a job and getting out of poverty and stable, affordable, good health care through Medicaid. I know you were a supporter of that in the last Congress. You will help us, will you, try to achieve that objective?

Governor THOMPSON. In fact, I passed a proposal in Wisconsin called Pathways for Independence 4 years ago before your legislation passed, Senator, but could not get a waiver. So I was delighted when you passed it.

One of the big problems, as you know very well, Senator Kennedy, is that so many people on SSI want to work, but they are so fearful of losing their health insurance that they cannot work.

The CHAIRMAN. Yes.

Governor THOMPSON. This legislation allows that, and I will be very happy to work with you on it.

The CHAIRMAN. I want to just draw your attention—I know you have more than enough to read; I even gave you a few articles as well—but I want to mention the recent Surgeon General's report on mental health. I think it is really a marvelous, effective outline about what is happening in our own society, and it contains a number of recommendations. Again, I know you have more than enough to read, but I am very hopeful that we can still reach parity in coverage for mental health services this year.

Just a final comment on your Family Care Program, which dealt with disabilities and citizens. It provided choice about how people were going to live their lives. Maybe you could just make a brief comment about it and tell us what you have learned from it that might give us some hope about how we could take those lessons

and help seniors across the country so it could have general national application.

Governor THOMPSON. Well, the Family Care Program is based upon the principle that people could go into a central location, whether it be the county or the caregiver, and be able to find out what that family needs and allow the county to buy it and use the power of the county or bigger purchasing power to drive down the cost and give more elderly an opportunity to have the services they want.

We have experts at the local level interviewing the family and finding out what mother or father or uncle or aunt needs, and we have found that it has been very popular. It is only in six counties, but there are a lot of counties that would like to expand it. It seems to be working as effectively as we thought it was going to, Senator.

The CHAIRMAN. Thank you very much.

Senator Jeffords.

Senator JEFFORDS. Thank you.

It is a pleasure to have you before us, and I deeply appreciate all that you have done and all that I know you are going to do along with us.

I would like to just pursue a little bit more about the uninsured. As you well know, there are 43 million Americans who are still uninsured.

Governor THOMPSON. That is correct.

Senator JEFFORDS. We have done some things with S-CHIP and your State's BadgerCare, for example. Senator Frist and I introduced legislation last year that would provide for a refundable tax credit for low- and moderate-income Americans to purchase health insurance. This bill would give individuals a \$1,000 tax refund toward the purchase of self-only coverage; and it would prove a credit of \$2,000 for families earning up to \$55,000 toward the purchase of family coverage. We plan to reintroduce that legislation soon, and I would like you to take a look at it, and see if that is something that you might find helpful. Of course, that bill would go before the Finance Committee, but as you know, I sit on that committee, as well.

Governor THOMPSON. As you know, President-elect Bush has come out in favor of a credit of \$2,750 and a \$3,000 exemption for people who are serving a member of the family in a nursing home. So I am fairly sure that you are going to receive great support for that.

Senator Jeffords. It sounds that way. That is good to hear.

This past year, we introduced a bill called the Medicine Equity and Drug Safety Act, or the "MEDS Act." I know you are also geographically up in the Northern tier, but we in Vermont discovered that it is possible to go across the border and find prescription drugs at about half the cost that they would have to pay in this country. At the end of the session this past year, we passed the MEDS Act, which allows for the reimportation of FDA-approved prescription drugs. Unfortunately, Secretary Shalala—and I understand the exigencies and time involved with her decision—refused to try to make the requisite findings in order to begin implementation.

However, we also found from legal authority that the bill would allow you, as Secretary, to revisit that finding and perhaps return a more favorable finding. I would just bring your attention to that, and ask you if you would review that decision.

Governor THOMPSON. I intend to review that. I have already talked to Secretary Shalala about it. She indicated to me that the problem that she saw in the legislation was that she did not know how she was going to be able to certify; that counterfeit drugs might come in, and how she could certify that they would be safe and that it would actually lower the cost. So I would review that legislation. Secretary Shalala also told me that she was going to advance some amendments or some verbiage to you about proposed changes. I do not know if you have received that or not, but I would love to sit down and—

Senator Jeffords. I have not seen it yet, maybe my staff has.

Governor Thompson [continuing.] I would love to sit down and discuss that with you, but I will review it, Senator Jeffords.

Senator Jeffords. I appreciate that answer very much.

Child care is important for all working families and is the key component to successful welfare reform, as you well know. For our children's sake, we need to look not only at increasing the availability of affordable child care but also at ensuring that child care contributes to the child's health and development.

How best can the Federal Government help States improve the quality of child care in America, especially for the very young?

Governor THOMPSON. Well, I think one of the great things that was helpful to the States was allowing TANF money, 30 percent of the TANF funds, to be used for child care. I know that we have used that very effectively and have expanded on that. I know that in my own State, we went from \$12 million to now over \$250 million for child care, and we have no waiting list whatsoever.

If you are going to have a successful welfare law, a welfare system that is going to allow mothers on dependency to go back to work, you have to have a successful child care system.

I think what we have to do is to encourage more Governors to use the 30 percent of the TANF funds, to use that money for child care. That is number one. No. 2, any extra dollars that can go into this area are going to be extremely helpful, and you should possibly consider when we reauthorize TANF, looking at how we might be able to expand the flexibility of the 30 percent so that more States can utilize that for child care. It is absolutely necessary.

Senator Jeffords. Well, Senator Kennedy and I have been somewhat successful in getting more money into that area through the educational system, as well as ensuring that our young people get the best care possible.

The Prescription Drug User Fee Act, called PDUFA, is going to be up for reauthorization. The Prescription Drug User Fee Act directs \$100 million annually of the FDA's budget into new drug reviews. Authorization of PDUFA expires in October of 2002. Have you become familiar with that program at all, and what are your views on reauthorizing it?

Governor THOMPSON. I am a fast study, Senator, but I have got to admit there are 300 programs over there, and that one, I have

not gotten to yet. But that does not come up for reauthorization until October 2002. [Laughter.] I have got to be absolutely candid.

Senator Jeffords. You can skip this one.

We have already talked about the patients' bill of rights, and I just want you to know that other members of the committee and I, and certainly Senator Kennedy, are very, very confident that, with some help from the administration, we can come up with a good patients' rights bill. It is my hope that we will accomplish that in the near future.

Governor THOMPSON. I commend you and congratulate you on doing that, and I hope that you allow the administration to come in and work with you so that we can have a bill that all of us can be very proud of.

Senator Jeffords. Tobacco is an area where we have worked to create some effective programs, and some have been instituted, but we still have a real problem stopping young people in particular, from smoking. I know that this is a serious concern to the whole Nation—

Governor THOMPSON. It is.

Senator JEFFORDS [continuing]. You probably have some views on tobacco cessation, and I look forward to working with you on this. If you have something that you would like to say right now, I would appreciate it. You have 30 seconds. [Laughter].

Governor THOMPSON. We are one of the top 15 States about using the tobacco money into cessation, especially for youth, and we have many public relations programs. We also have a cigarette research program at the University of Wisconsin funded by NIH, and we are doing a lot of things in Wisconsin to do that. We have raised the cigarette taxes four times and many other things. But it still is a problem, and my wife happens to be one of the strongest proponents arguing against the use of tobacco in the State of Wisconsin.

So I am committed and would love to work with you in regards to that, Senator Jeffords.

Senator Jeffords. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Dodd?

Senator DODD. Thank you, Mr. Chairman, and again, welcome, Governor.

Let me try and get through a couple of areas of some interest. It was a couple of years ago, Governor, that I learned a surprising fact—that a very small fraction of pharmaceutical products, on the market have been tested and labeled specifically for their safety and efficacy in children and that when it comes to prescribing drugs for kids, doctors really had to rely on guesswork.

For years, parents took that with a certain degree of assurance, but as the level of sophistication increased, of course, so did the dangers in some of these drugs. The lack of Pediatric labeling poses some very significant risks for children, and, of course, without adequate information about how a drug works in children of different ages and sizes, children are more likely to be under- or overdosed by products.

As a result of that, Senator DeWine and I proposed a bill called the Better Pharmaceuticals for Children Act. We adopted it some

3 years ago and made it an incentive program, the incentive being an additional 6 months of exclusivity for companies that produce these products. We also sunsetted the legislation, because we did not know whether or not it would work and whether or not the incentive approach would produce the desired results of getting the pharmaceutical industry to move into this area that they were somewhat reluctant to do in years past.

Well, according to the FDA, which came out with a report a couple of weeks ago, the incentive program has been highly effective in generating new pediatric drug research and in getting products better-labeled for children and their families. This incentive, and I am quoting the FDA, "has done more to generate clinical studies and useful prescribing information for the pediatric population than anything else tried to date."

My point and my question to you is this. The time is up on this bill. We are going to have to reauthorize if it is going to work. And just to put it in perspective for you, in the 2½ years since we adopted the legislation, there have been 332 pediatric drug studies that have gotten under way, and 58 have been completed. New pediatric information has been or will be added to the labels of 25 products, including drugs for AIDS, diabetes, pain, and asthma. Just to put it in comparison for you, in 6 previous years to the enactment of the legislation, only 11 pediatric studies had been completed—11 studies in 6 years—over 300 in just 2-1/2 years since legislation was enacted.

Obviously, the point here is that we are going to need to reauthorize this, and we would like to get your support. I wonder if you might just take a minute to comment on whether or not you or the administration would be supportive of such an effort to reauthorize what we think has been a pretty effective initiative.

Governor THOMPSON. Senator Dodd, I have not had a chance to talk to the administration about this particular proposal, but I certainly will. But it seems to me from what you have told me—325 good examples versus 11 before the law was passed—that this is pretty good evidence that it should be reauthorized, and just based upon the empirical data that you have submitted and indicated through your question, I could not understand why we would not support it.

Senator DODD. I thank you there, Governor.

Let me jump to Head Start, if I can. I have spent a lot of time in my 20 years here trying to increase the availability of Head Start funds for eligible children and their families. Ed Zigler, who is a good friend of mine, is in many ways considered the father of the Head Start Program. It is now more than 35 years old and has served more than 17 million children across the country.

During the campaign, President-elect Bush proposed moving Head Start from the Department of Health and Human Services to the Department of Education and focusing on reading, I think was the argument he made.

Governor THOMPSON. That is correct.

Senator DODD. Now, I am not in the business of these bureaucratic turf issues; I am not terribly interested. I could not care less which building on Independence Avenue has jurisdiction over the

subject matter. What does concern me is that there be an understanding, a good understanding, of what Head Start does.

There was a very good article which I am going to include in the record, and I will get it to you if you have not seen it, by Ed Zigler, in fact, in the December 23, 2000 New York Times, addressing the President-elect's proposal. Dr. Zigler argues that, of course, Head Start is not just reading. And that is an important issue. You have got to try to improve educational opportunities, and Head Start does that, but Dr. Zigler points out that Head Start also is about early involvement of parents, good health, nutrition, and obviously, relief from the complications of poverty. It is not solely about education, but understanding that a child who is not getting the proper health care and support is less likely to learn, and that has been the success of it.

Literacy is critically important, and Congress recognized that when we reauthorized the bill in 1998 in a very bipartisan manner. We included measures to improve literacy and measures to ensure accountability in the program. We required HHS to develop specific education performance standards; make teacher and staff training related to those standards a priority, and so forth.

According to a recent study, Head Start already is doing a good job helping children develop literacy and numeracy skills. That study found that children who participate in Head Start have stronger vocabularies and other pre-reading skills and are more ready for school than children who do not participate. But a part of that, of course, has been focusing as well on the poverty of that child; that child coming to school having had a breakfast; that child's parents being involved—about 80 percent of Head Start parents are involved with their Head Start children. It drops to 20 a year later, when they end up in the preschool or kindergarten classes.

So again, I would urge you, if you want to comment on this, this morning—

Governor THOMPSON. Sure, I will.

Senator DODD [continuing]. I would appreciate if you would, but again, I am not interested in the bureaucracy, or which building. That is not my point. I am just worried that if we just turn this into solely a reading program and disregard the other elements of Head Start that we would undo an awful lot of work. And also, fewer than half of eligible children receive Head Start services today. We want to get those numbers up if we can.

Governor THOMPSON. Well, Senator Dodd, I happen to be one of those individual Governors who believe very passionately, as I am sure President-elect Bush does as well—and President Bush wants an expanded program to include reading abilities. And I would like to point out that in my own State of Wisconsin, Senator Dodd, I expanded State participation—we are one of the few States that put in State dollars so we could expand Head Start—that is how much we believe in it back in Wisconsin.

The second thing that I would like to point out is that when President Clinton was just a mere mortal Governor, he and I worked on one of the Goals standards that said that every child should be ready to learn when they go to kindergarten and first grade. I think that that is a concept that President-elect Bush, to-

morrow President Bush, is going to be all about. He wants to make sure that the child in poverty has good nutrition and good health care but also learns how to read, and that, to me, is very important. I see an expansion rather than a retrenchment, Senator Dodd.

Senator DODD. Hold onto that jurisdiction, will you, and the process. With all due respect, I would feel a lot more comfortable if it were with a department that takes into consideration—

Governor THOMPSON. That is above my pay grade, Senator Dodd, I will tell you. [Laughter.]

Senator DODD. Well, I am just making a point here, Governor. [Laughter.]

The CHAIRMAN. Senator Enzi.

Senator ENZI. Thank you, Mr. Chairman.

I want to follow up on some of the rural comments that I made earlier. Governor, you mentioned just a while ago that you have to administer in excess of 300 programs. One of the rural problems that we run into is that sometimes, a program under a formula will give us only enough money to handle the administration of the project and no money to do the project. So I am hoping that you will take a look at some of these programs and see if they can be combined at least in some of the requirement areas of administration so that we have some money left to actually do the task. I am hoping that you will pursue that.

Governor THOMPSON. Senator Enzi, I would like to point out that Wisconsin is a very rural area in a good portion of the State, somewhat like yours—not quite as lowly populated—but we have the same concerns, and all it does is cost money. The problem is whether or not there will be enough money appropriated, and that is up to Congress; but if the money is there, and if I can administer it properly, I certainly will, and I will look forward to working with you to find out how we can do a better job.

Senator ENZI. OK; I am asking you to look for ways to find some flexibility for us.

Governor THOMPSON. I am big on flexibility, as you probably know by my testimony.

Senator ENZI. Yes; you have considerably more multitudes in Wisconsin, and we have the altitudes. [Laughter.]

I would also ask for your commitment to continue to infuse the programs at HHS with consideration for some other unique needs of rural communities, and that is that they do not have some of the expertise for complying with or applying for some of the grants. I hope you will consider doing some technical assistance things, particularly for rural areas.

Governor THOMPSON. Without a doubt, Senator Enzi.

Senator ENZI. Thank you.

Finally, Senator Roberts in his introductory remarks invited you to Kansas, and we would hope that you would also, on that same swing, come in through Wyoming. [Laughter.] We have a university that would be very capable of handling some of the research using the increased funds that are coming into NIH, and we would like you to take a look at that and consider it as well.

Governor THOMPSON. On my way to Madison, we will make that swing, Senator Enzi.

Senator ENZI. Thank you. That is all I have.

The CHAIRMAN. Senator Harkin.

Senator HARKIN. Thank you very much, Mr. Chairman.

Governor, 17 years ago when I was a member of the House of Representatives, I began working with the disability community to develop a comprehensive civil rights bill for Americans with disabilities. When I came to the Senate, I was proud to be the chief sponsor of what then became known as the Americans with Disabilities Act, which was signed into law in 1990.

The philosophy behind the bill, was to give people with disabilities more empowerment to make decisions over their own lives, about where they wanted to live and how they wanted to live and where they wanted to go to school and what kind of jobs they wanted and especially what kind of care they received in their own communities. Based on your record in Wisconsin, I know that you agree with those principles. You had an innovative program called Family Care that would allow people with disabilities to have more of a choice about where they receive their long-term care services.

Senator Specter and I have introduced a bill which you will hear about it. It is called MICASSA, the Medicaid Community Attendant Services and Support Act, which, again, would give people with disabilities a choice about where they receive those services—in their own home and the community, rather than being forced by the rules of Medicaid to go into a nursing home.

Just to show you how bipartisan this bill is, when it was introduced in the House, one of the sponsors was the former speaker, Newt Gingrich. That is the only thing he and I ever agreed on, perhaps. [Laughter.] But it has been around for some time, and it is making some progress.

The problem is, of course, as you pointed out, the up-front costs. But as you also have pointed out in your statement, we have to make those up-front costs, because it saves us a lot later on down the pike. We provided \$70 million in grants to States just last year to help them start implementing the Olmsted decision, the U.S. Supreme Court's decision in Olmsted, the Georgia case.

What I wanted to focus and ask you about is again, we would like to take what you have done in Wisconsin and make this national. And I would hope—my question would be do you intend to follow up on your work in Wisconsin to ensure that every State has a comprehensive, flexible, long-term system that is primarily based on independence and home and community-based services for people with disabilities?

Governor THOMPSON. Senator, I would like to, and I would like to work with you on that, Senator Harkin. The question is, you know, like Congress, the administration is going to have a set of priorities, and I am learning that I am no longer a Governor. I am getting out of that, and I have many bosses, many more than I did as Governor. And I do not know if I will be the one setting those priorities or not, but I fully support your position and worked for it in Wisconsin.

We had a program that we started—I think we were the first State to do that—called the Community Options Program, where senior citizens could determine where they want to spend their time, usually in their own home. Usually, by far and away, the vast

majority of elderly citizens want to stay in their own home. We set up a State program at the beginning. Then, we applied for a waiver under the Medicaid law in order to get some of the waivers to allow for an expanded program. It has worked very effectively.

Now, we are trying to go the next step, the next generation, which is the family plan, but it is expensive, and it requires priorities. I would be happy to work with you, but I do not know what the administration's first priorities are. I know Medicare reform is first; prescription drugs and so on are the first ones. If we can tackle those and get a bipartisan support, then, I am sure the Bush administration would like to work with you.

Senator HARKIN. I look forward to working with you on it, because under the Olmstead decision, the U.S. Supreme Court quite clearly said that under ADA, they have to start providing community-based services—

Governor THOMPSON. That is right.

Senator HARKIN [continuing]. And we are going to have to provide the funds to the States to help them do that.

In that regard, the second part is that the unemployment level among people with disabilities is still unacceptably too high, especially among people with severe disabilities, down around 20-something percent.

Governor THOMPSON. It is even higher.

Senator HARKIN. Pardon?

Governor THOMPSON. I think it is even worse.

Senator HARKIN. It may be even worse. I thought around 20-something percent were employed.

Governor THOMPSON. Yes.

Senator HARKIN. But it may be even worse than that.

Now, obviously, a lot of this is in the Department of Labor, and I have spoken with the new designee, Ms. Chao, about this, but some of it spills over into HHS' area, too. So I would like to work with you to develop some ties between the Department of Labor and the Department of HHS to break down some of these things so we get the two working together to provide the kind of health support and medical support that people with severe disabilities need along with the work force development support that they need in the Department of Labor.

Governor THOMPSON. One of the biggest problems for people on SSI who are disabled is the fact that if they go to work, they more than likely will lose their SSI designation. And if the work does not pan out for that individual, by the time they get back on SSI, it could be a death knell to them.

Senator HARKIN. It is too late.

Governor THOMPSON. So they do not take the job.

Senator HARKIN. Right.

Governor THOMPSON. And with our full employment right now in a lot of States, you need everybody who is willing to work to have the opportunity to work. So I happen to have passed a program in Wisconsin called Pathways to Independence on that particular subject, Senator Harkin, and I would be more than happy to work with you.

Senator HARKIN. One last thing I wanted to bring up, Governor, and that is as HHS Secretary responsible for the leadership over

Americans health, one of the things that this committee has wrestled with is the issue of tobacco companies marketing a product that is addictive and kills people. Now they are making harm reduction claims about new products that have no independent examination or oversight.

I have a chart here. This is a new product that is being marketed called Eclipse. Who is selling it? R.J. Reynolds. And this is their advertising, in which they say that on carcinogens, it is 0.13 milligrams, and in ultra-lights, it is 0.68 milligrams, so it is 80 percent less in carcinogens: "A better way to smoke: Eclipse." In fact, I have a pack of them here. I have never seen anything like this. They are a really fancy, space-age kind of cigarettes. They do not burn. They smolder. The darndest thing I have ever seen. [Laughter.]

Anyway, they are making these claims. But a study commissioned by the Massachusetts Department of Public Health in October said that these new Eclipse cigarettes expose the smokers to greater amounts of cancer-causing chemicals compared to the ultra-light brands on the market. Without FDA authority to verify the claims, RJR and other cigarette makers are free to continue to deceive the American public about their products. RJR is not the only one. Eclipse is not the only product. Philip Morris has one called Accord; a company called Star Scientific has a cigarette called Advance.

But our past experience with so-called reduced-risk products shows that they turn out to be marketing frauds aimed at getting more people to start or not to quit. We have seen this before, time after time after time. It would seem to me that we need some regulatory body that says to cigarette companies that they cannot make deceptive ads like that. We do the same for other manufacturers. Other manufacturers cannot put out products and claim something that has not been verified. I do not see why the tobacco companies should be able to do that.

Again, I just hope that using the FDA, we can do something to begin to regulate this type of advertising. There is no scientific basis, only what RJR has done; no FDA scientific investigation has been done on this. We have the Massachusetts Department of Public Health; that is all we have. And yet, they are allowed to continue to advertise that. I just, again, ask you as HHS Secretary what you think we could do to begin to get a handle on this and how we could stop that deceptive advertising.

Governor THOMPSON. Well, first off, as you know, there are 3,000 children every day between the ages of 13 and 17 who become addicted to tobacco, and that has got to change. With your help and with the Department's help and the administration's help, let us hope we can do that, point number one.

Point number two is that FDA passed a rule, as I understand, a couple of years ago to regulate this kind of advertising, and it was struck down by the U.S. Supreme Court. I believe Senators Kennedy and Harkin along with Senator Reed introduced a bill to allow FDA to have enforcement power over this particular subject, and I also believe there is a bill, that Senators McCain and Frist have the same bill.

So I guess the second point is that we need you to get your legislation passed.

Senator HARKIN. Well, we need your help. As Secretary of HHS, you have a bully pulpit out there, and we need your help to get this legislation through. Your support and your backing could be most meaningful to give the FDA the legal authority they need to control that kind of deceptive advertising.

Governor THOMPSON. I appreciate that, and thank you for your advice.

Senator HARKIN. Thank you very much, Governor.

The CHAIRMAN. My good friend, the Senator from Arkansas, is recognized.

Senator HUTCHINSON. Thank you, Senator Kennedy, thank you, Mr. Chairman.

Governor, when Secretary Thompson's traveling road show hits the circuit to Madison, Kansas City, Cheyenne, could you add Little Rock to the circuit? [Laughter.]

I am privileged to co-chair (with Senator Dodd) the Senate Biotechnology Caucus, and we do have some things at the University of Arkansas Medical Sciences that are very exciting and are recent developments in the area of biotechnology, so we do not want all the NIH funds going to Wyoming. [Laughter.] Thus, we certainly welcome you.

Coming from the State of Arkansas—where we are probably somewhere between Wyoming and Wisconsin in the rural nature of our State, but where certainly the majority of our residents live in rural areas—access to health care services and access to health care professionals is of great concern to me. Nearly every county in Arkansas—we have 75—is suffering from a shortage of health care professionals. It is an especially severe shortage in the Arkansas Delta, the poorest region in the Nation.

When you combine that with the aging population of the State—Arkansas, retiree population is expected to grow by 66 percent by the year 2020—it is fair to say that the health care needs of Arkansas will far exceed the health care infrastructure in the State as it currently exists. Nursing homes and hospitals alike are suffering from a serious shortage of qualified nursing staff, and I hope that you will endorse and work with me and work with the committee on the reauthorization of the National Health Service Corps to help address this very critical need. It is one of the 300 programs, but please take a look at this one, because it will be up for reauthorization.

Governor THOMPSON. Thank you very much, Senator, and of course I will. And I am looking forward to working with you on many subjects, Senator Hutchinson. You mentioned that you were co-chair on the technology council with Senator Dodd. I was co-chair of a technology council, but when I signed up for this job, the ethics department in the Federal Government told me I had to resign along with everything else that I—

Senator HUTCHINSON. Well, the knowledge and expertise will still be highly beneficial.

I also want to emphasize the vital role—I mentioned this in my opening statement—that community health centers have played in the State of Arkansas and across the Nation. I have heard count-

less stories of how community health centers in my State have actually saved the lives of people who have walked in through their doors. At these centers they do not ask you if you have insurance. Rather, if you walk in, you are going to receive health care.

They are the front line in rural America, and they deserve, I think, our strong support as we authorize that program, and I am very pleased that President-elect Bush has pledged to double the number of community health centers in our country. I think that is a very worthwhile commitment that he has made.

In addition, I am very interested in soliciting your help in obtaining authorization and funding for a nationwide mobile health clinic program. I have witnessed the success of these mobile health clinics in Arkansas, where there currently is one which is based out of Lee County, AR. It is arguably the poorest county in the Nation. Last year, we were able to get appropriations for a second mobile health clinic van.

I was able to tour the first van when it left Washington, DC for the Delta, and it is in service there now. This van can basically pull into a community that does not have a primary health care clinic, go to the schools or other announced areas, and invite children in for examinations, immunizations, and other primary health care services.

This is a tremendous need, and it is being filled partially by these mobile health vans, staffed by community health center employees. So I look forward to working with you on this. This is building a niche to provide services for low-income children, who many times are falling through the cracks. I look forward to working with you on that as well.

Governor THOMPSON. Thank you very much, Senator Hutchinson. I know the program, and we have similar programs in Wisconsin. They are very, very effective, especially in rural areas, and there are a lot of medical problems in rural areas across America, and I think that is why President-elect George Bush is so interested in doubling the money in this area.

Senator HUTCHINSON. Very good.

Governor THOMPSON. I am looking forward to working with you on that.

Senator HUTCHINSON. I appreciate that.

We have not determined all of our chairmanships on all of the subcommittees, but I think I will at least be on, if not chairing, the Subcommittee on Aging. I have a very strong interest in all the programs under the jurisdiction of the Administration on Aging, including the Older Americans Act, Meals on Wheels, and the National Family Caregiver Program. Congress, at the end of the last session, took long-overdue action to reauthorize the Older Americans Act, but we are intending to hold some oversight hearings in that area, and we look forward to your input on that.

On the issue of long-term care, the fact is that most people do not want to think about their future health care needs and particularly the possibility of long-term care needs. Many think that Medicare is just going to take care of their long-term care needs, and they do not really plan ahead financially.

What most individuals and their families find, often too late, is that long-term care is very expensive. I know that you have al-

ready commented on areas in which we can address this serious problem, and I commend you for that, and I look forward to working with you for solutions on a national basis regarding this very important issue.

Governor THOMPSON. Thank you very much, Senator.

Senator HUTCHINSON. We look forward, again, to your service and thank you for your willingness to take on a sometimes almost thankless job.

Governor THOMPSON. Thank you.

The CHAIRMAN. Senator Wellstone.

Senator WELLSTONE. Thank you, Mr. Chairman.

First of all, Governor, once in a blue moon, Senator Hutchinson and I agree on a good idea; very rarely. Listen to what he said about community health care clinics. I could not agree with you more, Senator.

Senator HUTCHINSON. We are just getting closer and closer, Senator Wellstone, on so many issues. [Laughter.]

Senator COLLINS. It is scary. [Laughter.]

Senator WELLSTONE. This is bipartisanship.

The second thing I just cannot help saying at the beginning, because some of what you have said just really tugs at my heart—we have had discussions about what Senator Harkin was talking about, people with disabilities being able to live at home with dignity. My mom and dad had Parkinson's. We have been talking about elderly people. Why should so much of our resources be for nursing homes, although many people basically end up having to be in the poor house before they get any help. Can we not provide resources for people to stay at home and live at home in as near normal circumstances with dignity?

I am thinking about all of this, and none of this gets done on a tin cup budget, so I have a quick request for you, which you do not have to answer, which is please talk to the administration about this \$1.3 trillion or \$1.5 trillion in tax cuts, because we cannot do it all, and we will erode the revenue base, and we will have precious little to do when it comes to some of the things we are talking about in this committee if we do that.

So I hope you will be a strong voice for some decisive investment in some of these areas. I have quick questions, and you do not necessarily have to say yes or no. I am not trying to put you on the spot, and I want to get to welfare, which is a place where we may have some disagreement.

On mental health—Senator Kennedy talked about this—I have a bill which just says that Medicare—needs to have the 20 percent co-pay that applies to every other illness also also apply to mental health, where the co-pay is currently 50 percent.

We ought to at least end this discrimination for elderly people with this struggle, and I am hoping that you will support this effort. Maybe you might want to comment.

I will throw one other thing into the mental health area, which is we passed in 1996 a small step forward, Senator Domenici and I did, on mental health parity. It was very partial parity. Now we are working on really broad parity. We ought to end this discrimination in the way in which people who are struggling with this illness are treated versus people with other illnesses.

I am hoping that we can have your support. I wonder if I can get your response on that.

Governor THOMPSON. Senator Wellstone, does that not cry out, though, for a complete, comprehensive look at Medicare to see if we cannot reform it? I agree with your basic premise, but it seems to me that if we do it piecemeal, we may not have enough money. It seems to me a better approach—and it is the approach President-elect Bush wants to do—is to reform Medicare in total, and I think that is where we could really make some equitable changes.

Senator WELLSTONE. Well, in the comprehensive reform, would you support having parity for people with Medicare who struggle with mental illness?

Governor THOMPSON. I have in Wisconsin. That is all I can tell you, my past experience.

Senator WELLSTONE. I appreciate that, and with the legislation I am working on with Senator Domenici on full parity, can you at least say today that "I want to work with you on this" and certainly—

Governor THOMPSON. Sure, I want to work with you, Senator Wellstone, but you have got to realize that I am new to this job.

Senator WELLSTONE. That is why I am not saying yes or no.

Governor THOMPSON. Administration, you know, as I understand—I am a Cabinet officer. I am not the chief executive anymore. So I have to check with the person who brought me to Washington.

Senator WELLSTONE. I know, but I know you, Governor, and I know that when you are determined, and when you want to speak out, you speak out.

Governor THOMPSON. I am not bashful, Senator Wellstone.

Senator WELLSTONE. Yes.

Governor THOMPSON. I learned a lot from you. [Laughter.]

Senator WELLSTONE. I was so pleased for you to say, when you were talking about welfare reform, which I want to zero in on—I would put "reform" still in quotes—but you said, look, you have got to make the investment up front. You said that today. You cannot just do this on the cheap. That is almost exactly what you said.

Can I get a commitment from you that we will not see a reduction in the TANF block grant and that we will still have the State maintenance of effort requirement, because a lot of people are really worried that we are going to have a cut in funding.

Governor THOMPSON. Senator Wellstone, I not only made that statement today; I made that statement in the U.S. Senate when I came out and talked about welfare reform. I made that same statement in principle when I spoke in the House of Representatives when the TANF bill was being negotiated and discussed. I have been interviewed all over America on welfare reform, and there are three basic principles if welfare is going to work. You cannot expect a welfare mother to go to work unless you take care of child care. You cannot expect a welfare mother to place children in unsafe conditions. So you have to have child care.

In order for a welfare mother to work, she also has to have health insurance, and you have got to have health insurance. And the third thing she needs is transportation and training—the double Ts. And it all costs money, and you have got to do it up front

if you expect to move it. That is what we did in W2. I have been a passionate advocate of that, and I have been a passionate advocate of maintaining TANF funding, as you know.

I talk now, though, as a Governor. I am taking on a new role as Secretary-designee, and I do not know how the Office of Management and Budget puts together budgets. I do not know how you allocate that. I will learn, but I will certainly come back and discuss those items with you. All I can tell you is that in my past experience on welfare, it is important that these three principles are understood if you are going to have a successful program.

Senator WELLSTONE. Well, let me ask you one final question, Governor, and this goes to this distinction that you are making, I think, between being Governor and, now, Secretary of Health and Human Services. Looking at Wisconsin—

Governor THOMPSON. I am starting to think I liked being Governor better. [Laughter.]

Senator Wellstone [continuing.] There was a University of Wisconsin study of the W2 Program in Wisconsin saying that, actually, it is not enough to just say people are off welfare. In 60 percent of the cases, there has been a reduction of income. Health and Human Services, in their data on Wisconsin, points out that between 24 and 38 percent of the welfare leavers report no earnings or employment after leaving welfare.

Analysis of data from the Centers for Disease Control show that between 1996 and 1998, Wisconsin had the highest Hispanic infant mortality rate in the country and the fourth-highest black infant mortality rate in the country, whereas, in the early nineties, Wisconsin really had a very good record. And I think even more troubling, neonatal mortality rates are even more alarming. In 1991, Wisconsin had the seventh-best record in the United States, but by 1996–98, only four States had higher black neonatal mortality rates than Wisconsin, and furthermore, in 1996–98, Wisconsin ranked dead last in terms of Hispanic neonatal mortality rates.

The reason I ask you about this is two- or threefold. First, I guess I would be interested in whether or not you would agree with me or not agree with me that the definition of welfare reform cannot be the number of people off the roll but whether or not people are economically self-sufficient.

Second, I wonder whether I could get your commitment to join me—I have been trying to get us to do this for 2½ years, as my colleagues know—to at least have Health and Human Services call on States to aggregate the data so we can know what the situation is as we go through reauthorization.

Yes, there has been a reduction. What is the income? What is the child care situation? Do the families still receive medical assistance or health care? What is the extent of child poverty? Are the children who are poor poorer than before?

Could I ask you whether you would commit to making sure that we do that kind of study now so that we can have that information?

And then, finally, I want to ask you whether or not you would agree with me that—as Governor, I know you fought for flexibility, and you have said that today—but as Secretary of Health and Human Services, will you make a commitment today that we also

have to have accountability when it comes to what the States do and that we dare not give up on that principle?

Governor THOMPSON. In regard to your last question, accountability, absolutely, without a doubt.

I would like to question some of your figures, though, Senator Wellstone.

Senator WELLSTONE. That would be fine.

Governor THOMPSON. A woman on welfare cannot get out of poverty. The only way you get out of poverty in America is by working. And you have got to also realize that in Wisconsin, not only do you receive the wages, which are higher than being on welfare—we are starting out at a minimum of \$7.50 an hour—on top of that, a person working gets the Earned Income Tax Credit from the Federal Government, which is about \$4,000. On top of that, Wisconsin was one of the few States that added a State supplement to the Earned Income Tax Credit; on top of that, food stamps.

So that, yes, mothers working in Wisconsin are much better off than—

Senator WELLSTONE. What do these figures mean that I have presented to you? Why the figures on infant mortality, neonatal mortality? What is going on?

Governor THOMPSON. We have the third best percentage of children with health insurance in the country. Wisconsin ranks 16th in the percentage of babies born to mothers who receive prenatal care. We have been recognized by every national thing about the child care in the State of Wisconsin. We have no waiting lists. We have gone from \$12 million in child care, Senator Wellstone, to \$250 million this year, a higher percentage than any State in the country.

Senator WELLSTONE. Governor, I understand that, and I am just asking you—Senator Kennedy, would it be okay if I just finished this last one—I used the Centers for Disease Control data, and I am just asking you what do you think explains the dramatic rise in infant mortality and also, I think, the even more alarming feature, as I mentioned before, having to do with neonatal mortality rates post1996? Is there a reason for this—that is what I am trying to find out with black and Hispanic.

Governor THOMPSON. I am somewhat shocked by your figures, Senator Wellstone.

Senator WELLSTONE. Fair enough.

Governor THOMPSON. And we have—

The CHAIRMAN. Governor, do you want to—

Senator WELLSTONE. We will look into it; both of us will.

The CHAIRMAN. Governor, do you want to provide figures, just for the record, and have a chance to review those cited by Senator Wellstone?

Governor THOMPSON. Sure, absolutely.

Senator WELLSTONE. That would be fine. Thank you, Governor.

The CHAIRMAN. We will include that in the record.

Governor THOMPSON. I will send you a copy, Senator Wellstone.

The CHAIRMAN. Very good.

[Information follows:]

EXCERPT FROM PAGES 7-8 OF THE REPORT ENTITLED "CREDIT WHERE BLAME IS DUE: GOVERNOR THOMPSON'S RECORD ON LOW-INCOME PROGRAMS AND POLICIES", RELEASED BY THE NATIONAL CAMPAIGN FOR JOBS AND INCOME SUPPORT, JANUARY 2001.

"Infant Mortality (per 1,000 live births)—WI compared to the US and the midwest Between the beginning and end of the 1990's, according to the Centers for Disease Control, infant mortality (children under 1 year old) in the US and Wisconsin declined at a comparable rate -20 percent compared to -17.5 percent. With respect to the neonatal mortality rate (infants under 28 days), Wisconsin did worse than the rest of the country, -8 percent compared to 16 percent.

When one looks at trends by race, however, the results are nothing short of shocking.

A report in the Milwaukee Journal Sentinel raised eyebrows in early 2000 when it reported the results of a state study that found that black infant mortality in Milwaukee increased by nearly 37 percent between 1997 and 1998, and that white infant mortality went down 13 percent over the same period.¹¹ Because of the variability of these figures from year to year, it is important to look at trends over a longer time period. We analyzed state data compiled by the Centers for Disease Control. Unfortunately, the data confirm this disturbing pattern.

In 1989-91, Wisconsin was doing slightly better than the U.S., with 17 compared to 17.2 deaths per thousand live births for black infants. By 1996-98, Wisconsin was doing significantly worse than the country, with 16.6 deaths per thousand compared to 13.9 for the U.S. In other words, the U.S. experienced a decline of 19% in black infant mortality over this period compared to a 2 percent decline for Wisconsin. Another way of putting this is that Wisconsin was in the middle of the pack in terms of performance with respect to black infant mortality in 1989-1991 (18th of 39 states reporting more than 50 cases). In 1996-98, it was near the bottom (38nd of 42 states reporting more than 50 cases). Perhaps even more significant is the regional comparison: of eight Midwestern states, Wisconsin was the third best with respect to black infant mortality in 1989-1991, but the second worst in 1996-98.¹²

For Hispanic infant mortality, Wisconsin is doing far worse than the U.S. as a whole (10.3 deaths per thousand compared to 5.9 over 1996-98). In fact, Wisconsin had the highest Hispanic infant mortality rate of any state in the country from 1996-98.¹³

In 1996-98, Wisconsin ranked near the bottom or at the bottom of states in black and Hispanic infant mortality rates, respectively. By contrast, it ranked 17th of 50 states with respect to white infant mortality rates. And while it's rank plunged over the decade in terms of black infant mortality—from 18th of 39 states to 38th of 42 states reporting—it's performance actually improved with respect to white infant mortality, from tied for 21th of 50 states in 1989-91 to 17th of 50 states in 1996-98.

Looking at black and Hispanic neonatal mortality (newborns under 28 days old) reveals an even more extreme pattern. In 1989-1991, Wisconsin was the 7th best state with respect to black neonatal mortality (of 33 states with more than 50 cases). From 1996-98, it was tied for the 5th worst (of 34 states with more than 50 cases). The US black neonatal death rate decreased from 11.1 to 9.3 deaths per 1,000 live births between 1989-91 and 1996-98, compared to an increase for Wisconsin from 9.1 to 10.9 deaths per thousand over the same period. Wisconsin was one of only four states to report an increase in the black neonatal death rate over this period.

The regional comparison is even more striking. In 1989-91, Wisconsin had a significantly lower black neonatal death rate than any of eight midwestern states (9.1 per thousand, compared to the next lowest Ohio at 9.8 with Michigan the highest at 14.0). In 1996-98, Wisconsin had the highest black neonatal mortality rate of any of the eight states.

¹¹Milwaukee Journal Sentinel, May 15, 2000, p 1B; Milwaukee Journal-Sentinel, February 22, 2000, p. 1B.

¹²Centers for Disease Control, Health United States 2000, Table 24. Eight Midwestern states considered were: Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri. In 1989-1991, only Ohio and Missouri were doing better than Wisconsin. By 1996-98, only Illinois was doing worse. The data are available at www.cdc.gov. The key tables (24 and 25) are for infant and neonatal mortality, by state and race. The subsequent discussion is based on our analysis of those figures.

¹³CDC, Health United States 2000, Table 24. Note that comparisons over time are not possible for Hispanics because less than 50 incidents were reported in Wisconsin in the 1989-1991 period. Though the data are not statistically significant, it appears that Wisconsin also had one of the highest rates of increase in Hispanic infant mortality over this period.

The neonatal death rate for Hispanics in 1996-98 -8.0 per 1000 live births—was the highest of any state in the country. The U.S. Hispanic neonatal death rate was 3.9 per thousand, and no other state came close to Wisconsin (the next highest rate was 6.4 per thousand in Connecticut and Pennsylvania).

The CHAIRMAN. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Governor Thompson, I want to follow up on the questions that my friend and colleague Senator Hutchinson raised with you about the lack of health care professionals in rural areas of this country.

I admire very much the progress you have made in expanding access to insurance in Wisconsin. In addition to doing that nationwide, we also need to make sure that people not only have an insurance card but that the health care professionals are available in their communities to treat them. That is why the program of the National Health Service Corps is so important to States like yours and mine and other members of this committee.

In the State of Maine, we are facing a very severe shortage in the number of dentists available. For example, in northern Maine, where I come from originally, there is now only one dentist for every 5,500 people. It is just an untenable situation.

The National Health Service Corps has been underfunded by the Clinton administration with the result that it has been flat-funded the last 3 years. Will you work with us as we reauthorize this program to try to ensure that we are providing sufficient funds and also looking at ways we can be more innovative in attracting health care professionals to rural states like Maine?

Governor THOMPSON. Senator Collins, absolutely. There is a disparity in health professionals distributed throughout America. Whatever we can do through the service corporation to be innovative, to assist that, to alleviate that, I am going to be very helpful. And I would love to work with you, because I have had the privilege to work with you before on health insurance issues, Senator Collins, and I am looking forward to that opportunity.

Senator COLLINS. As am I.

Another issue which I mentioned to you in my office but I do want to bring up as well for the record is a problem that Maine hospitals have with Medicare reimbursement levels. Maine ranks 50th in the Nation—I understand Wisconsin does not do much better—in the amount of reimbursements compared to costs. Now, in some States, Medicare is actually paying people more than the actual costs of reimbursing or taking care of Medicare patients, but in Maine, our hospitals are reimbursed only about 80 cents for every dollar that they actually spend caring for Medicare patients.

The problem is that this creates a terrible Medicare shortfall, in the neighborhood of \$175 million, and those unpaid costs are shifted to private payers and thus drive up the cost of health insurance for others and thus exacerbate the problem of the uninsured population.

During the previous administration, we started working with the administrator of HCFA to resolve this issue, and what I am seeking today from you is a commitment to continue that work, which I know you are so well aware personally of the problem.

Governor THOMPSON. Senator Collins, it has been a real problem for me, being Governor of Wisconsin, to realize the disparities in

the Medicare reimbursement formula. Yesterday, I was amazed that so many Senators on the Finance Committee also raised that question.

So, hopefully, we will be able to make some changes, but as you know, the biggest fight on any particular subject is always the formula fight. They are the most contentious. And I do not think you are going to be successful taking away from the ones that are the highest. Maybe there is some way that we can have an equitable infusion for those States that do not measure up, because it costs the same amount of money in Maine for an x-ray machine as it does in New York, as it does in Wisconsin, or any other kind of fiscal outlay. So it is important for us to try to make some adjustments. But I know from being a Governor and going through many formula fights, that they are the most contentious.

Senator COLLINS. They are, indeed, and I did not mean to imply that I thought we should take money from the high-cost States as the solution. But we clearly need to do something to help States like yours and mine that have been penalized, essentially, by the current system. Ironically, our costs are lower than the national norm, and we are essentially being punished for our success in holding down health care costs.

The third issue I want to just quickly touch on is my interest in diabetes research as the founder and co-chair of the Senate Diabetes Caucus. Diabetes research has been seriously underfunded when you look at the impact of this disease on our Nation and on health care costs. Diabetes treatment accounts for one-quarter of all Medicare expenditures. It accounts for one out of 10 health care dollars. It affects 16 million Americans. So this is an area where an increased investment in research would pay dividends down the road when you look at the one-quarter of Medicare expenditures.

Governor THOMPSON. I did not know that, Senator Collins. How is NIH handling that?

Senator COLLINS. Well, that is one of the problems, that right now, diabetes research accounts for only about 3 percent of NIH's research budget, so it is disproportionately small compared to the impact of the disease. We are making progress, and we passed legislation late this past year to increase diabetes research. There are two special programs, one focused on juvenile diabetes, the other on diabetes in Native Americans, who have a disproportionately high rate of diabetes, and the funding rate of each program has been increased to \$100 million a year.

There is a lot of exciting research going on in diabetes, and I am convinced that with a sustained investment, we can really make a breakthrough in treating this disease. What I am seeking from you today is to make sure that those additional funds which we fought so hard for will be used to supplement and not supplant the existing funding at NIH for diabetes research.

Governor THOMPSON. From what you tell me, you have such a compelling argument, and I congratulate you for your national leadership in the Diabetes Foundation, and I commend you for that. It seems to me that just common sense would tell us that we should do this. It would save money in the long run, and the research would be a tremendous investment. So I cannot understand why it would not do that, Senator Collins.

Senator COLLINS. I think diabetes has just not gotten the attention it deserves, and that has been part of my goal in leading the caucus.

I see that my time has expired.

Governor THOMPSON. Thank you very much.

Senator COLLINS. I thank you very much. I really look forward to working with you.

Governor THOMPSON. Thank you very much.

The CHAIRMAN. Thank you very much.

Senator Murray.

Senator MURRAY. Thank you very much, Mr. Chairman.

Governor, in my opening statement, I mentioned my concern about the future of women's health care at HHS, and since 1992, we really have made a lot of strides in recognizing the unique needs of women and in having equity. I know, and I have been told that as Governor, you have a really strong record in support of comprehensive family planning programs.

Governor THOMPSON. I do.

Senator MURRAY. I want to applaud your efforts on that, and I hope that you will work with us to maintain funding for programs like Title X, Maternal and Child Health Care Block Grants, domestic violence prevention and preventive health block grants. Title X has often been targeted for cuts and sometimes elimination, and I think people just do not realize that it is not just about family planning; it covers a full range of reproductive health care services from breast and cervical cancer screening to STD testing and prenatal care.

Can you give us your assurance today that programs like Title X will be a top priority for you and that women's health care equity will be a concern that we know will continue to be addressed at your Department?

Governor THOMPSON. Absolutely, Senator Murray. I set up the Women's Health Office in Wisconsin, and I have a wife who set up a women's health foundation in Wisconsin and a very successful foundation, I may add, and spends time, full-time, as a matter of fact, articulating the needs for women's health, and I happen to be very passionate about it.

Title X is very important, and it absolutely is going to receive the support of this administration and certainly me, and all I can tell you is that I want to work with you. Eighty-five to 90 percent of the decisions on health dollars are made by women, and it just makes common sense that we look at ways in which we can improve that service.

Senator MURRAY. Well, very good. I look forward to working with you on that. As the number of low-income women increases, we need to make sure that Title X funding is increased as well, and I look forward to working with you on that.

Governor THOMPSON. I believe that Title X has a great deal of bipartisan support and—

Senator MURRAY. Well, it has been a target in the past, and we just want to make sure it is not under this administration.

Let me turn to—actually, Senator Dodd asked questions about Head Start, which you mentioned, and I just want to reiterate my support for Head Start remaining under HHS. It is clearly early

childhood learning, but it is a lot broader program than that, and I hope we can have conversations with you about that before we see any major changes to that.

I want to turn to welfare reform, because obviously, that is going to be a critical discussion. You mentioned a minute ago the three things that you thought welfare reform needed in order to be successful, and I was delighted to hear you say child care. I know that you have done some innovative things in Wisconsin, but there really is a national crisis in terms of child care. Women cannot go to work and be concerned about whether their children are safe, and we know that one in eight child care centers actually threatens children's health and safety, and infants and toddlers are actually faring the worst.

I am increasingly concerned that child care providers' salaries of \$12,000 a year are not bringing in the best and creating a situation where parents can feel that their children are safe and taken care of. Right now, hairdressers and manicurists must have 1,500 hours of training at an accredited school to be licensed, and yet today, 31 schools do not require any training for child care.

I think that that tells us the priority that we have seen out there across the country. In order for welfare to be effective, we have to have good child care, secure child care, safe child care. So I want to know under your administration what you are going to do and how we can work together to ensure that that issue is addressed.

Governor THOMPSON. Once again, I have got to rely on my past, because that is where my experience comes from. I have invested \$12 million, since I started as Governor 14 years ago, to this year, we are going to put in \$250 million in child care. We have no waiting list. I also set aside \$15 million last year to child care centers, one that would teach—not teach but actually embrace classical music; would teach foreign languages and would set up a nutrition program and way beyond what a normal child care center would have.

They are just getting started, but I was trying to see if we could set an example in the State of Wisconsin of being the premier leader in child care centers, of care, education, nutrition, and teach the parents at the same time. It is too early to tell whether they are going to be successful, but that is my past, and I believe very much that you cannot expect a welfare mother to go to work without providing adequate, safe child care. I am just not convinced that the answer is to take it to the Federal level.

I think an answer may be to hopefully have you and other Senators—and the administration may encourage States through the National Governors Organization and through the National Council of State Legislative Leaders—try to improve the quality of child care. I know Senator Wellstone may not agree with me, but I think that may be an answer that we should look at. I am not convinced that it needs to have a Federal oversight at this point in time.

Senator MURRAY. Well, I would respectfully disagree. We have not done a good enough job when 31 States do not have any requirement for any kind of training.

Governor THOMPSON. But have we tried to go to those States?

Senator MURRAY. I encourage your administration to do that, but I think we have to look at ways that we can assure that every child, no matter where they live or grow up in this country, has those kinds of facilities, and I think the facts show us that that is not the case today. So I look forward—if you have ways to encourage it without having Federal laws, I am happy to take a look at that, but it is clearly a crisis that needs to be addressed.

On another issue—

Governor THOMPSON. If I could just answer, I would appreciate your ideas as well, and I want to be helpful and supportive. It is something that is very important to me, to provide adequate child care across America.

Senator MURRAY. Well, obviously, funding is critical within that.

Governor THOMPSON. Funding is critical.

Senator MURRAY. And under TANF itself, because TANF is used for so many other needs, it sometimes is the last one that is considered, and probably, additional funds are going to be what is required in order to allow States the flexibility to provide that, but I am happy to work with you.

Governor THOMPSON. We need more flexibility on TANF, but that is going to be in the reauthorization that I will be looking forward to ideas from you and Senator Wellstone and anybody else on the committee to make that happen.

Senator MURRAY. Good; well, my time is up, but just quickly, Senator Wellstone and I have worked very hard, and I really commend Senator Wellstone for his work on family violence and women who have been abused, and our concern is that we require them to go into the work force. We worked on a family violence option so that women would not be forced to stay in violent situations but would be able to get out, get their needs taken care of and not be counted against a State's count before they were ready to go back to work.

Could you just tell me if you will provide the leadership at the Federal level to get States to follow the family violence option so that women who are abused do not become victims a second time?

Governor THOMPSON. I will say unequivocally yes.

Senator MURRAY. Thank you very much, and thank you, Mr. Chairman.

The CHAIRMAN. On this, Governor, let me, if I could, add one thing.

Governor THOMPSON. Sure.

The CHAIRMAN. Basically, we have seen about three child care programs. One is the military, and that is a 10. Any kind of evaluation of the military child care program is a 10. And if you look back historically, you will find that it basically has most of the ingredients that were in the initial Dodd program, which was watered down with the Child Development Block Grant Program. I am sorry that Senator Dodd is not here now.

Then, you have the Child Care and Development Block Grant Program. Then, you have the other program, which is the money that is used in TANF, which is due to the States. There are three different programs.

Have somebody you have confidence in go out and look at the three different programs and come back and tell you which one is

the best. It has been done, it has been reviewed, and the one that is in the military wins hands-down.

It meets all the requirements needed by children—all the services do it; they all do it in a standard way—and it has been very effective. It is just something that, we will work with your people on, but it is something that is really worth studying—and the services are immensely proud of it. Most importantly, the personnel are extraordinarily happy with it.

Senator Hagel.

Governor THOMPSON. Thank you for your advice, Senator Kennedy.

Senator HAGEL. Mr. Chairman, thank you.

Governor, I want you to know that I strongly support your appeal to Secretary Shalala not to steal your football coach. [Laughter.] As many of the uninformed or misinformed may not realize, he acquired all of his talents at the University of Nebraska, where he played and coached. So it would not be in anyone's best interest, except the Miami Hurricanes, for him to go there. I am grateful for your strong support of your coach, who, like our coaches, are individuals who have developed character in our young men, which is what this business should be about.

On prescription drugs, you responded in answer to Chairman Kennedy, and I believe your comment was the sooner, the better on prescription drugs. You and I had an opportunity to visit a little bit about it last week. I have a prescription drug bill that I will be reintroducing next week that I think is pretty good. I have a number of cosponsors, and I think I will have more at the time I reintroduce it next week.

Could you lay out for the committee what you can, at this point, what the President-elect and you and your team intend to do to move forward on this to make it happen as you, in your words, said, as soon as possible?

Governor THOMPSON. As you know, Senator Hagel, the administration talked in the campaign that they wanted to put in a \$48 billion block grant for a helping hand to get States started right away, with the understanding that they do not think that we could move rapidly enough to reform Medicare with a prescription drug component. And that still is the administration's position, that they will be introducing the block grant provision.

But I know full well, talking to a lot of you as Senators on a bipartisan basis, that the block grant provision probably will not pass. But if, in fact, it does not pass, is there a possibility that we can reform Medicare with a prescription drug component? The concern of the administration is that if we just pass prescription drugs, we may never get to the position of reforming Medicare again, and President-elect Bush wants to be able to reform Medicare and make it more effective, make it broader, and have a prescription drug component, and so do I, and I believe you do, as well, Senator Hagel.

So that is our first priority. Now if, in fact, prescription drug moves faster, we are going to be working with you and Senators Kennedy and Jeffords and the rest of the membership of this committee to come up with the best provision possible, but our first position is to try to reform Medicare.

Senator HAGEL. Is that, then, the strategy that you will use at this point to move or be involved in the leadership to bring forward a comprehensive Medicare reform bill with the drug piece in it? Is that the strategy?

Governor THOMPSON. That is still being worked on, Senator. I believe that is what is going to take place, but at this point in time, we have not even had a Cabinet meeting yet and have not had a chance, really, to decide. But preliminarily, that is what the administration would like to see happen. And talking to so many Senators over the last several weeks, I have come to the conclusion that it is possible to come up with a Medicare reform proposal.

Some Senators have indicated to me that it probably will not happen and that we should take prescription drug and get that passed now. If that is the case, I am fairly comfortable saying that the administration would like to work with you in that regard.

Senator HAGEL. You know an awful lot about the infamous organization known in your business as HCFA.

Governor THOMPSON. Yes.

Senator HAGEL. The Health Care Financing Administration, which our good friend Senator Roberts presented a very genteel explanation of his feelings about this morning. [Laughter.]

You say in your statement—and when we had an opportunity to talk a little bit about it, and I think you were exactly right—that we have overburdened the administration. We have overloaded the circuits—I guess that is my term—and realistically, we cannot hope that a 1965 organization is equipped to administer a 2001 program, especially in light of the kind of dollars that we are talking about now and all of the variations of the challenges of this issue that have been presented this morning, today, and yesterday before the Finance Committee and in your own experience.

The question is in your testimony this morning, you talk about starting to get at this issue. How do we get at this issue?

Governor THOMPSON. I do not have any preconceived ideas about how I am going to do that or how we can do that, but I can tell you that I have never seen such a clarion call for changing HCFA on a bipartisan basis as I have the last couple weeks. I thought it was only coming from Governors, but now I find out that U.S. Senators on both sides of the aisle want HCFA changed, made more compassionate, more efficient and more effective. But until I get down there and find out all the workings of HCFA, it is pretty hard for me to sit here today and tell you the exact direction I am going to go.

The first thing I am going to do, and I have asked Senator Kennedy and Senator Jeffords and you, Senator Hagel, for names of the best HCFA director that I could find, somebody who has the wisdom of Solomon, the brashness of Senator Wellstone, and the courage of a Senator Hagel. I have not found that person yet.

Senator HAGEL. I think it is Pat Roberts. [Laughter.]

Thank you, Governor. I have one additional question that probably will wind up my time. I was interested in your comments regarding the work force development dynamic of welfare reform and your philosophy and what you have done, and I think it is exactly right, and it is obviously working. Yes, it is imperfect, like all of

these programs, but you have gone to the heart of the issue, and you have made it work.

Here is the question. The scourge of our time is illegal drug use, not just with our young people, but it is throughout our society. It is devastating many countries of Latin America. We need to address it. No one has an easy answer. There is no easy answer. But I was very interested in your comment about how you integrated this challenge, this problem, into the work force development welfare issue that you had to deal with in Wisconsin.

So the question is—and I know this is not exactly in your portfolio, but in a way it is—where and how do we begin to deal with this issue across the programs in the Federal Government? We have a drug czar. I do not know what President-elect Bush is going to do; if he is going to continue that program or a different program. But you have tapped into something fundamental. It is throughout the fabric of this country, and it will destroy our society if we do not do something about it.

And I know my time is up, Mr. Chairman, but if I could ask you for a very short response to that, Governor, because you and I and all of us in this room know that we are going to have to deal with this in all of our programs.

Governor THOMPSON. We certainly are, Senator. I really do not have an answer. I wish I did, but I do not. What we are looking for is solutions throughout the programs at Health and Human Services, but at this point in time, I just do not have a response to you that is adequate. It is a problem. It is a scourge on society. But so many well-intentioned people have tried different programs, and nothing seems to have been that effective. But let us keep trying.

Senator HAGEL. We have to. Thank you.

Mr. Chairman, thank you.

The CHAIRMAN. Just, Governor, a point of interest. Medicare covers 39 million beneficiaries, 34 million aged persons, 5 million with disabilities, and has an expenditure of \$213 billion, and its administrative costs are approximately 2 percent of the program. HCFA had a budget of \$299 billion in 1999. In 2000, its budget was \$319 billion. It used to be responsible just for Medicare, and Medicaid. But its responsibilities have grown significantly in recent years. We passed CHIP in 1997. Kassebaum-Kennedy was enacted in 1996; there has been an increased focus in rooting out fraud and abuse; plus we passed the Balanced Budget Act in 1997, and the Balanced Budget Retirement Act in 1999 and the Beneficiary Improvement and Protection Act just last year.

I know there are problems over there, but they do not have the resources over there to carry out their duties. HCFA has been asked to do more without needed resources. We have had GAO studies and reports up here that make this point. They made a series of recommendations about what HCFA needed. I remember the debate. They needed \$11 million, but they ended up with \$1.5 million. Then, when an administrative nightmare occurs, HCFA becomes a popular whipping boy around here.

So, HCFA needs a lot of help, and maybe they need to be criticized to some extent. But I will tell you that I think that from our own personal conversations and what you have stated, really get-

ting into this thing and finding out what is really needed from a sound administrative point—how to do this and do it right and do it well, which I think is the way that you want to do it—will be a welcome, welcome action, I think, by all of us. But too often I think they are a famous whipping boy, and I think that in many instances, it is unfair.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Governor, let me return to the issue of child care and also take up your invitation to offer an idea. We both recognize that the States have the primary leadership role with respect to child care. And the Federal Government supports States generally through block grants like the Child Care Block Grant, among other revenue programs.

What typically happens, from my perspective—and your State might be an excellent example of this—is that the first burden on a Governor is to expand coverage so that every child is in the program. However, that prevents extra money from being used to increase reimbursement rates to child care providers. And, as a result, reimbursement rates remain stagnant in nominal terms for child care centers and actually decline in real terms. They cannot raise their wages; they cannot raise benefits. They have a difficult time recruiting skilled workers, retaining skilled workers. They have a very difficult time with in-service training to mature these workers in terms of latest developments in child care and all of the things that we would love to see in the ideal child care center.

What I would suggest and would like to work with you on is to put aside a significant block of money that would be given to the States if they would not just expand coverage of children but raise their reimbursement rates and allow these child care centers to have the type of cash flow that would permit them to recruit, retain and train their workers and raise quality. And again, I believe it should be a State function, but that is one way I think we can address the issue that Senator Murray alluded to and Senator Dodd alluded to, which is basically, it is not sufficient to warehouse children in child care centers. You have got to give them an enhanced environment to develop.

Governor THOMPSON. Senator Reed, what you are saying is absolutely correct, because when you have almost full employment in so many States, it is so much easier to go down the road and get a better-paying job than to be in the child care situation, and a child care home just cannot afford higher wages. So there has to be either an increase in the supplement or set some sort of incentives there for people to go into this profession.

A lot of people are leaving the profession. Many more are leaving than coming into it, I believe, and it is a problem not isolated to any one particular State. It is all over America.

Senator REED. Well, I would really like to work with you, Governor.

Governor THOMPSON. Maybe your idea is the basis from which we should try to build something.

Senator REED. Well, thank you, Governor. I look forward to working with you on this idea.

Let me change the topic briefly.

Governor THOMPSON. Yes.

Senator REED. With one footnote, which is that for the economic dynamic you described, you could pick out several areas in which your Department has an impact. The issue I would like to now raise is the fact that health care organizations cannot get certified nursing assistants, because of low wages, and frankly it is a tough job. So we also have to look not just in child care but in many other social programs, health care programs and child care programs that depend upon, ultimately, low-wage workers. And that is something else I would like to work with you on in the coming months.

Governor THOMPSON. I do not have an answer to either one of those problems, Senator Reed.

Senator REED. I suspect the answer has something to do with more money, but we can talk about that later.

Governor THOMPSON. Money is a great equalizer, sir.

Senator REED. Let me quickly turn to the issue of childhood immunizations and the Centers for Disease Control and Prevention. I want to commend the State of Wisconsin for their efforts in this areas. I am told that recently, you passed legislation that requires insurance companies to provide coverage for immunizations for children up to age 6. I commend you for that, and I hope you could make the same sort of—

Governor THOMPSON. Could you suggest that to Senator Wellstone, then? [Laughter.]

Senator REED. I will suggest that to Senator Wellstone. This is sort of a good cop-bad cop—I will let you guess who the good cop is and reserve your judgment on the last question, Governor.

Governor THOMPSON. Yes.

Senator REED. The Centers for Disease Control, and its Director, Jeff Koplan, are doing a wonderful job. As such, I would ask that you review carefully his performance, because I do believe he deserves to be maintained in that position—they are taking a much more active role in childhood immunization, as well as research into childhood obesity and problems of pediatric diseases. I would hope that you could support their efforts and the critical investment that they are doing. For example, their support for immunization registries, so States know who is registered have been essential. Again, I would urge you to support that effort.

Governor THOMPSON. Everybody tells me that CDC is extremely well-run, and the administrator has done an excellent job, Senator Reed, and I want to take the time to review that, but I just have not had the opportunity yet, and I appreciate your comments.

Senator REED. A final area of inquiry. Governor, you quite properly said that one of your efforts is going to be mobilizing the faith-based communities in this country as well as every sector of this country to do the work of not just Government but of neighbors, of helping people get ahead. We recognize that. I recognize the critical role they play. But I also recognize that we have a strong Constitutional and cultural traditional of separation of church and State.

I would hope that you would agree that a Federal program should not be presented to someone on the condition of a profession of a particular faith.

Governor THOMPSON. I agree.

Senator REED. And that Federal employment supported principally by public money should not require profession of a particular faith.

Governor THOMPSON. It is unconstitutional.

Senator REED. Well, thank you, because we have had some proposals that verge very close to that, and your Department will have a central role in creating the boundary between mobilizing our faith-based communities, which I hope you can do, and ensuring that there is a proper respect for the individual consciences of Americans, both recipients of these benefits and also those people who might choose to work in these programs.

Governor THOMPSON. A specific religion, absolutely, but President-elect Bush believes very, very strongly, as you do, that the faith-based community has got to be brought into the social service fabric in order to be able to administer and be able to deliver the services, and I agree with him whole-heartedly.

Senator REED. But you will be their, in a sense, governor to ensure that we respect both the tradition of conscience and the contribution of faith-based organizations.

Thank you very much.

Governor THOMPSON. We do not want to do anything that is unconstitutional, Senator Reed.

The CHAIRMAN. Just to mention, Governor, on CDC, I am sure you are going to visit there. It will be one of the really interesting trips. But they are in need of help and assistance in terms of basic infrastructure. You will see that when you go down. Senator Cleland, who is not a member of this committee, has talked to us about it. It really is a national resource, and we want to continue it that way, and we will work with you in trying to meet its needs.

Senator Edwards.

Senator EDWARDS. Thank you, Mr. Chairman.

Mr. Chairman, you were not here earlier when I expressed how excited I was about being on this historic committee, and thank you for your extraordinary leadership.

The CHAIRMAN. Glad to have you.

Senator EDWARDS. Governor, I know that you have talked about the patients' bill of rights and expressed philosophically your support for a patients' bill of rights. I wonder if you would talk about another issue specific to the patients' bill of rights, and one of the problems that we have had here in the Senate trying to get a bipartisan patients' bill of rights passed; that is, some disagreement about the nature of the enforcement mechanism.

As I know you recognize, these rights for patients do not mean anything unless they have some way to enforce them against HMOs and insurance companies. And one of the great debates that has been waged on the floor of the Senate and something that I have actually been working on myself, both with Democrats and across party lines with Republicans, over the last few months, is trying to find a solution to the most viable enforcement mechanism and enact something that will work.

We are talking about the appeals process, quick and speedy appeals, the right to go to court under some circumstances. I wonder if I could get your perspective on that?

Governor THOMPSON. Well, Senator Edwards, we have a patients' bill of rights in the State of Wisconsin that allows for a very expedited appeal process and allows for a civil action, as does the State of Texas.

Governor Bush has indicated that every patient should have a right, but he also wants to include some kind of tort reform, some kind of limits. He does not want a patients' bill of rights that is going to drive up the cost of health insurance, and I do not think you do, either.

But both President-Elect Bush and myself are very interested in protecting the rights of patients.

Senator EDWARDS. And you believe that the President-elect also believes that these various patients' rights—the right to see a specialist for example, you do recognize that unless there is some meaningful enforcement mechanism, those rights essentially mean nothing; you would agree with that, would you not?

Governor THOMPSON. Well, if there is no way to enforce it, you are just based on the good intentions of two parties, as you know as a lawyer.

Senator EDWARDS. Sure; absolutely.

Let me change gears with you for just a minute, and I apologize for jumping around, but I have limited time. I know you have had some extended discussion here about welfare reform. Can I ask you whether, in your experience—and I know from our discussion in my office the other day that you believe welfare reform addresses, among other things, the quality of life of either former or current welfare recipients—in your experience, is it sometimes the case that in order to have meaningful welfare reform, and particularly during the period of transition, that actually, the cost for effective reform is higher and making that transition to work takes more resources than it does just to keep folks on the welfare rolls?

Governor THOMPSON. Absolutely; without a doubt. If you are going to be effective, Senator Edwards, if you are going to really move somebody from dependency to independence, from welfare to a work-based economy, you are going to have to provide that mother with certain basic things that she is receiving under the system, and that costs more. It costs more to provide health care outside the system and subsidize it. It costs more to provide for child care, with the mother not taking care of the children in the home but to place them outside. That costs more, but you have got to do it if you are going to expect that woman to work.

The third thing is you have got to provide transportation and training. All of those are added costs. So the up side, the investment up front, is absolutely vital if you are going to be successful, and that is what I learned by studying welfare and discussing it with a lot of welfare mothers in my State and talking to people who are really knowledgeable on the subject.

The down side of trying to do it on the cheap is that you do not accomplish what you want to accomplish.

Senator EDWARDS. Absolutely.

Governor THOMPSON. And so, you have to make those investments if you are going to be successful. I have preached that for the last 14 years in this city and across America.

Senator EDWARDS. Well, keep preaching it, because you are right about that.

Governor THOMPSON. Pardon?

Senator EDWARDS. You are absolutely right about that. Keep preaching it.

Governor THOMPSON. You get the return on your investment when a welfare mother is able to go to work and support herself, get health insurance either through a private carrier that she pays for or the employer pays for, and by paying taxes. That is where you are going to get the return back to the taxpayer. But that is far in the future. In order for you to be successful, that is what you have to do.

Senator EDWARDS. Good; glad to hear you say that.

On NIH, can you give us some notion of what you believe you are looking for, what we should be looking for, in an NIH director, what kinds of qualities, what kind of experience?

Governor THOMPSON. I want to find somebody who is the best, who is willing to serve—

Senator EDWARDS. What did you say? Somebody who is what?

Governor THOMPSON. Who is the best.

Senator EDWARDS. The best.

Governor THOMPSON. Secretary Shalala indicated to me that I should ask the scientific community for some names. I have asked Senator Kennedy for some names, and he has been kind enough to give me some names of people whom I should consult in picking that individual. I do not want a political person. I want somebody who is steeped in the science, is a good manager, someone who understands research and is going to do the job that you want to accomplish and what I want to accomplish—the best research possible in America.

Senator EDWARDS. The last subject—according to a study that was done at the end of last year, we have somewhere between 45,000 and 90,000—I believe those are the numbers—people dying annually from medical errors.

Governor THOMPSON. Medical what?

Senator EDWARDS. Medical errors.

Governor THOMPSON. Oh, absolutely.

Senator EDWARDS. Misread tests, improper diagnosis, whatever the cause. Do you have any views about what we ought to do to address that problem?

Governor THOMPSON. It is a problem facing all of us as a society, but I do not have any answer to it, and I am open to suggestions, like I am on a lot of subjects. But I do not know what the answer is, because I am sure if somebody had the answer, they would stop it.

Senator EDWARDS. Sure; but you do recognize medical errors as a problem.

Governor THOMPSON. It is a huge problem.

Senator EDWARDS. And it is something that you will work with us on.

Governor THOMPSON. And doctors and hospitals have told me that. And, you know, all the studies that you read and do any research on say it is a huge problem. And there are different problems in this area. There are different ways to address medical

needs from one area of the country to another. And some people, some doctors, believe more in operations; some people use drugs more, and there are different opinions. But I do not have the answer. I do not think anybody has it. If somebody had the answer, I think they would come forth and say here is how you stop it.

We have got to all look for ways to reduce it, and that is what I will do as Secretary if you are kind enough to vote me out, and I get confirmed, and I would appreciate any advice you might have.

Senator EDWARDS. Good; good. I think we should work together to try to address that problem. It is not a simple problem.

Governor THOMPSON. I want to work with all of you.

Senator EDWARDS. I am sure it is going to require some work.

Governor THOMPSON. I want to work with all of you. That is why I am out here. You know, if I did not think I could be successful, I would stay in Wisconsin where I know I can be successful. You know, I did not seek this job. I was asked, and I am willing to serve, and I am out here to be as bipartisan as I possibly can be.

Senator EDWARDS. Well, as I told you in my office the other day, I think that, actually, we are lucky to have you, and thanks for being here today.

Governor THOMPSON. I do not know about that. [Laughter.]

Senator EDWARDS. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

I will call on Senator Clinton, and I want to say this will be my last official act here as the chairman of this committee, which will end in about 18 or hours from now. But it is done with a great deal of pleasure.

Senator CLINTON. Well, thank you, thank you.

The CHAIRMAN. We are delighted to have you on this committee, and I look forward to your participation, Senator Clinton.

Senator CLINTON. Thank you, Mr. Chairman, and I would stay for 18 hours if—

Governor THOMPSON. I cannot, unless we have a break, Senator. [Laughter.]

Senator CLINTON. Governor, I just had a few points to make, and then, I know we will have a lot of opportunity in the months ahead for followup. But I wanted to pick up on something Senator Edwards said with his last question about medical errors, because it really does reflect an overall issue that I would hope you would be creative in thinking about how to address, and that is how we have the best possible database for making any of these decisions.

We have heard about a lot of different issues, all of which are going to be difficult to address, but they will become easier if we have some common assumptions about what does work and what does not work.

And certainly coming from the State and with all of the creativity that you have applied in Wisconsin, I hope that we will think about the resources and the infrastructure that our human services institutions need in order both to do their jobs and to be able to provide information to decisionmakers about how well we are doing in meeting the goals that we set, whether it is HCFA or CDC or any other agency.

I do not believe that we have made the investments in the kind of information technology and resource reporting work that needs

to be done, so I would ask you perhaps to take a look at that, because it will make our jobs and your job easier if we know what we are working off of.

Specifically, I wanted to commend to you the Early Head Start Program, which we are beginning to get very good data from, and that is the kind of example that I would like to follow up on, because if we are able to make more investments in Early Head Start, we might avoid some of the issues that we have to worry about later on.

Second, with respect to the military child care that Senator Kennedy referred to, if you go back and look at the history of that, really, the reforms in the military system started because of some very bad problems that were being experienced, and DOD took those problems seriously and began to put in the kind of overall reforms that have led to this becoming a model program. So I join with both Senators Murray and Reed in asking that we take a look at how we create those conditions within the larger system, working with the States as the principal funders of child care, and I do think that the military system, with its uniform approach, provides some good answers for us.

That, I think, leads to another potential area where we could find some common ground. I know that there is an interest in the new administration in block-granting a lot more of these programs than perhaps have been in the past. One of the questions, of course, that you as the Secretary will have to answer is how do we hold States accountable for that block granting. And the disparity among the States in performance, in accountability, in data collection, is such that it is very difficult, if we are sitting in the position of expending Federal resources, for us to know how to evaluate any kind of block grant proposal.

So there has to be an evaluative mechanism built into all of our human services expenditures, and in any kind of proposal for block grants, we have to have that kind of assurance. The CHIP Program, I thought, was very creatively devised under Senator Kennedy's strong leadership on this matter in not only trying to provide an evaluation mechanism but also a penalty for the failure to deliver the services as promised. It was not just a blank check to the States saying try to insure children; it was at a date certain, and, as you know well in your position, the absence of that provision meant that certain States would actually lose funds, and they would flow to those States that had demonstrated a capacity for delivering the services.

I think that is a good mechanism, but, of course, it bothers me, because then we have children in some States who are left out compared to other States. So, how do we, in our Federal system, create some kind of uniform standard by which we judge but also enough of a carrot-stick combination that we get results from States that might not be as interested or as capable as Wisconsin is in providing these sorts of services?

Specifically, I would like to ask you just a few quick questions. With respect to RU-486, which, as you know, was approved by the FDA as a safe and effective method of early medical abortion or, as some like to refer to it, postconception abortion, American women finally gained access to a medical advance that had been

used safely and effectively by thousands of women in Europe and around the world.

This medication also shows promise in the treatment for ovarian cancer, fibroid tumors, endometriosis and a number of other serious conditions that afflict women. I respect, as I said, your opposition to abortion on a personal basis, but I would like to know, Governor, will you take any action to undo the FDA approval of RU-486, which was based on strong scientific evidence?

Governor THOMPSON. You have thrown out several subjects, so let me quickly go through them as fast as I possibly can. First off, let me congratulate you for the job you have done as First Lady of the United States, Senator Clinton, and for running for the U.S. Senate.

Senator CLINTON. Thank you.

Governor THOMPSON. It is very important.

Second, in regard to Head Start, Wisconsin was, I believe, either the first or the second State in America that paid a State supplement to Head Start. That shows you how much we believe in it and how important it is to get children started properly.

In regard to block grants, I happen to be a firm believer in them, and I think there can be some disagreement, and I agree that there have to be some sanctions, but I think the flexibility allows for the innovation. You were the First Lady in Arkansas, and you worked on education. You know how important it is for States to have that opportunity and privilege to develop their own programs. I think the sanctions are necessary. I think the Federal Government should set the principles and the parameters very high and have the States measure up in sanctions.

The S-CHIP program is very effective, but I think that one of the problems is that it was not flexible enough to allow for a family to buy into it, and I think Senator Kennedy, who was the author of that, recognizes that and will probably try to support changing that, and I think States should have the flexibility to develop that. If they want to put their own money into that—

The CHAIRMAN. You say add on to it rather than—

Senator CLINTON. Add on to it.

The CHAIRMAN. That is all right.

Governor THOMPSON. But I think you need to be flexible, because Arkansas is different than New York, and Wisconsin is different than both, and we have good things going.

As far as RU-486, I think my role as Secretary is to judge all drugs and see how safe they are and to review the safety of those drugs through my FDA administrator, and I think that is my role. I do not intend to roll back anything unless it is proven to be unsafe, but RU-486 is one of the drugs that should be—it is a new drug, it is contentious, it is controversial, and the safety concerns, as I understand it, are something that are in question. And I think my role is to review the safety concerns for women in the United States, not only on that drug but on all drugs.

Senator CLINTON. Well, Governor, I look forward to working with you on all of these issues. I think that Senator Wellstone's coupling of flexibility and accountability is the theme that we want to strike here, because certainly, what we are looking for and I think what we all agree on is the delivery of services in a cost-effective, quality

manner and ensuring that whoever is given the responsibility for designing and delivering those services is held accountable for the public dollars that flow to them.

That is the kind of balancing act that I think we are going to have to be engaging in, but certainly, from my perspective, I am all for flexibility, and I am all for accountability. We just have to figure out how we strike that right combination.

Governor THOMPSON. Senator Clinton, absolutely. I probably will be urging more on the flexibility, and you and Senator Wellstone will be more on the accountability, and hopefully, we can reach a happy medium.

The CHAIRMAN. OK. Well, didn't you enjoy this this morning, Governor? [Laughter.] I told the Governor that he would really enjoy being in front of the committee this morning. It is a little longer than you thought, but I will tell you, Governor, if we had taken that break, we would have been back this afternoon, I am sure.

Let me thank you very much. I think you gathered the sentiment, the feeling, of this committee. I am going to be delighted to support your nomination, and I have every expectation that it will move ahead probably tomorrow with the others, unless the Finance Committee has other kinds of impediments.

We are very, very grateful for your responses, which were very helpful, but most of all for your openness and willingness to talk about these issues and your genuine interest in trying to work with the members of the committee on both sides. This has been a very constructive and, I think, positive beginning and one which I think you must gather is a very firm desire of all of us to try to work with you and find some common ground in these areas.

[Additional statements and material submitted for the record follow:]

THE FOLLOWING ITEMS ARE SUBMITTED FOR THE COMMITTEE RECORD OF THE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS RELATING TO THE NOMINATION OF GOVERNOR TOMMY G. THOMPSON:

- Letter from James B. Hunt, Jr., Governor, North Carolina, to the Honorable James M. Jeffords, Chairman, Committee on Health, Education, Labor, and Pensions, United States Senate, January 5, 2001.
- Letter from James B. Hunt, Jr., Governor, North Carolina, to the Honorable Edward M. Kennedy, Ranking Member, Committee on Health, Education, Labor, and Pensions, United States Senate, January 5, 2001.
- Letter from James B. Hunt, Jr., Governor, North Carolina, to the Honorable Charles M. Grassley, Chairman, Committee on Finance, United States Senate, January 5, 2001.
- Letter from James B. Hunt, Jr., Governor, North Carolina, to the Honorable Max Baucus, Ranking Member, Committee on Finance, United States Senate, January 5, 2001.



STATE OF NORTH CAROLINA

OFFICE OF THE GOVERNOR

RALEIGH 27603-8001

JAMES B. HUNT, JR.
GOVERNOR

January 5, 2001

The Honorable James M. Jeffords, Chairman
Committee on Health, Education, Labor and Pensions
United States Senate
SD-428 Dirksen Senate Office Building
Washington, DC 20510-6300

Dear Senator Jeffords:

I wish to express to you, your committee and the United States Senate my very highest regard for Governor Tommy Thompson of Wisconsin and urge his confirmation as Secretary of Health and Human Services. I do this based on my work with him within the National Governors' Association for eight years and my partnership with him in improving public education through the work of the National Education Goals Panel (NEGP) and ACIIIIVE.

Governor Thompson is a man of great integrity and he possesses three qualities that I believe will serve America well as the leader of the Department of Health and Human Services.

First, he genuinely cares about all human beings, regardless of race, religion or economic status. He cares passionately about the quality of their early childhood education, their K-12 education and their health and well-being. I have seen him genuinely angry when he believes people have been discriminated against and I know that real equal opportunity is an article of faith with him.

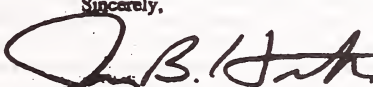
Second, he is perhaps the most creative public official with whom I have worked at the state level in developing public policy that improves the lives of children and families. One example of his creativity is in the field of welfare reform. His landmark policies in this area have carefully conditioned work requirements on the provision of childcare, health benefits and other needs for children. He has shared with me many ideas that I think have great promise for helping families out of poverty and improving opportunities for children.

Third, Governor Thompson is one of the most energetic and hard-working public leaders I have ever known. He knows the policies, cooperates with and encourages government agency personnel and understands the critical importance of government working with volunteer groups, businesses and the faith community. Under his leadership, I am confident that our health and human services will better serve the people of America and be more efficiently delivered in the interest of taxpayers.

I will be pleased to share more of my experiences with and confidence in Governor Thompson with any member of the Senate as you consider his appointment during the confirmation process.

My very best regards.

Sincerely,



James B. Hunt Jr.
Governor of North Carolina
1977-1985, 1993-2001

JBH:sre

c: Senator Edward M. Kennedy, Ranking Member
Senator Jesse Helms
Senator John Edwards



STATE OF NORTH CAROLINA

OFFICE OF THE GOVERNOR

RALEIGH 27603-8001

JAMES B. HUNT, JR.
GOVERNOR

January 5, 2001

The Honorable Edward M. Kennedy, Ranking Member
Committee on Health, Education, Labor and Pensions
United States Senate
SD-644 Dirksen Senate Office Building
Washington, DC 20510-6300

Dear Senator Kennedy:

I wish to express to you, your committee and the United States Senate my very highest regard for Governor Tommy Thompson of Wisconsin and urge his confirmation as Secretary of Health and Human Services. I do this based on my work with him within the National Governors' Association for eight years and my partnership with him in improving public education through the work of the National Education Goals Panel (NEGP) and ACHIEVE.

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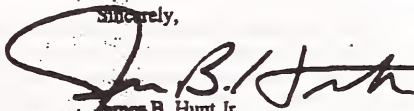
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Governor of North Carolina
1977-1985, 1993-2001

JBH:sre

c: Senator James M. Jeffords, Chairman
Senator Jesse Helms
Senator John Edwards



STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27603-8001

JAMES B. HUNT, JR.
GOVERNOR

January 5, 2001

The Honorable Charles M. Grassley, Chairman
Committee on Finance
United States Senate
SD-219 Dirksen Senate Office Building
Washington, DC 20510-6200

Dear Senator Grassley:

I wish to express to you, your committee and the United States Senate my very highest regard for Governor Tommy Thompson of Wisconsin and urge his confirmation as Secretary of Health and Human Services. I do this based on my work with him within the National Governors' Association for eight years and my partnership with him in improving public education through the work of the National Education Goals Panel (NEGP) and ACHIEVE.

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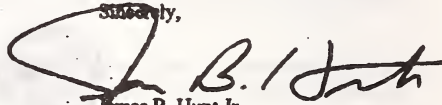
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Sincerely,



James B. Hunt Jr.
Governor of North Carolina
1977-1985, 1993-2001

JBH:sre

c: Senator Max Baucus, Ranking Member
Senator Jesse Helms
Senator John Edwards



STATE OF NORTH CAROLINA

OFFICE OF THE GOVERNOR

RALEIGH 27603-8001

JAMES B. HUNT, JR.
GOVERNOR

January 5, 2001

The Honorable Max Baucus, Ranking Member
Committee on Finance
United States Senate
SD-203 Hart Senate Office Building
Washington, DC 20510-6200

Dear Senator Baucus:

I wish to express to you, your committee and the United States Senate my very highest regard for Governor Tommy Thompson of Wisconsin and urge his confirmation as Secretary of Health and Human Services. I do this based on my work with him within the National Governors' Association for eight years and my partnership with him in improving public education through the work of the National Education Goals Panel (NEGP) and ACHIEVE.

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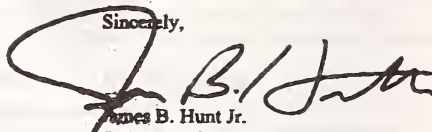
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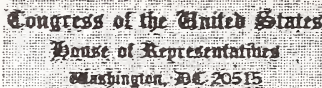
Sincerely,



James B. Hunt Jr.
Governor of North Carolina
1977-1985, 1993-2001

JBH:sre

c: Senator Charles M. Grassley, Chairman
Senator Jesse Helms
Senator John Edwards



January 18, 2001

The Honorable Edward M. Kennedy, Chairman
The Honorable James M. Jeffords, Ranking Member
Committee on Health, Education, Labor and Pensions
United States Senate
Washington, DC 20510

Dear Gentlemen:

We write today to offer our enthusiastic and wholehearted support for Governor Tommy Thompson, and respectfully urge you and the members of your committee to support his confirmation as the next Secretary of Health and Human Services of the United States.

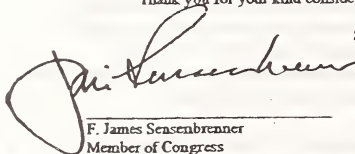
Each of us have had the opportunity to work extensively with Tommy Thompson during the 14 years he has been governor of Wisconsin. Our first-hand experiences with him have been overwhelmingly positive, and we have found him to be a public servant of unmatched fairness, honor and dedication. Throughout his tenure he has been consistently committed to bettering the quality of life of our state and every one of its citizens, and has delivered extraordinary results toward that end.

With regard to his more specific qualifications for the position in question, we believe his record speaks for itself. He has outstanding management acumen, demonstrating his expertise and prudence again and again in his administration of Wisconsin's executive agencies and their substantial associated bureaucracies. He has been extremely active in health and social policy, and has blazed a trail for the rest of the nation in those areas. Governor Thompson has, through his visionary leadership, perhaps had more influence on these policies than any other single public official over the last decade.

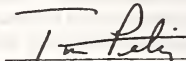
In short, we are the people who know Tommy Thompson best. Each of us believes that the nation would be fortunate to have him serve as the next secretary of Health and Human Services. We hope you agree.

Thank you for your kind consideration.

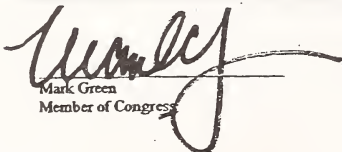
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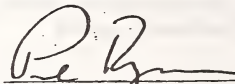
F. James Sensenbrenner
Member of Congress



Thomas E. Petri
Member of Congress



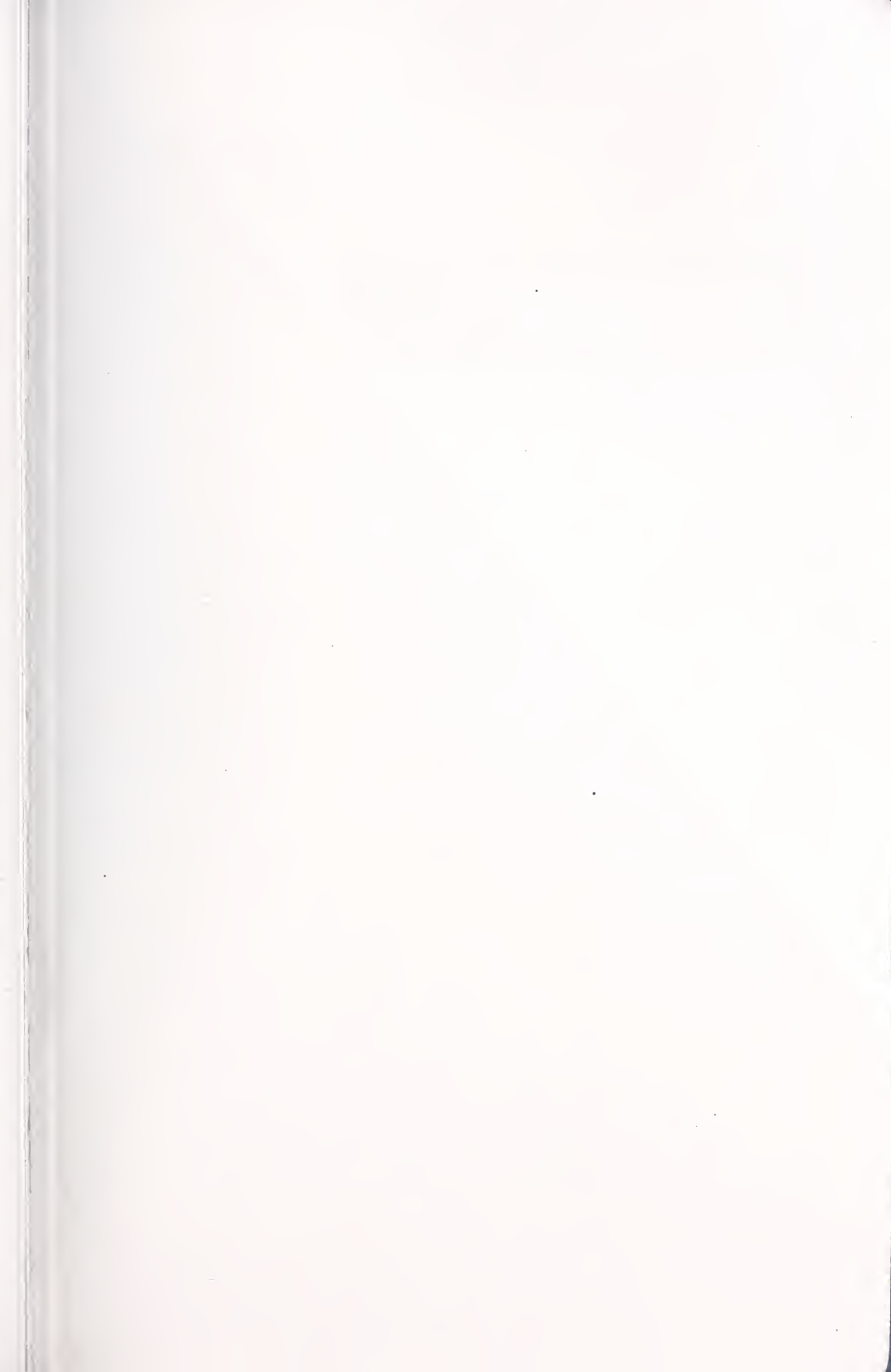
Mark Green
Member of Congress



Paul Ryan
Member of Congress

The CHAIRMAN. The committee is adjourned.
[Whereupon, at 1:32 p.m., the committee was adjourned.]

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